

Lakeridge Health Foundation

Financial Statements
March 31, 2021



Independent auditor's report

To the Board of Directors of Lakeridge Health Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lakeridge Health Foundation (the Foundation) as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 10, 2021

Lakeridge Health Foundation



Statement of Financial Position

As at March 31, 2021

(in thousands of dollars)

				2021	2020
	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Assets					
Current assets					
Cash	5,639	-	-	5,639	8,399
Accounts receivable	384	-	-	384	323
Prepaid expenses	16	-	-	16	30
Due from Unrestricted Fund	-	20,480	-	20,480	20,856
	6,039	20,480	-	26,519	29,608
Investments (note 3)	43,907	5,175	469	49,551	38,117
Capital assets (note 4)	4,502	-	-	4,502	4,521
Other long-term assets	-	56	-	56	56
	54,448	25,711	469	80,628	72,302
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	94	-	-	94	75
Due to Lakeridge Health (note 6)	38	-	-	38	27
Due to Restricted Fund	20,480	-	-	20,480	20,856
Deferred donations	17	37	-	54	91
	20,629	37	-	20,666	21,049
Fund Balances					
Externally restricted (notes 2 and 5)	-	22,724	469	23,193	24,227
Internally restricted (notes 2 and 5)	22,074	2,950	-	25,024	22,130
Unrestricted	11,745	-	-	11,745	4,896
	33,819	25,674	469	59,962	51,253
	54,448	25,711	469	80,628	72,302

Approved by the Board of Directors


 _____ Director
 
 _____ Director

The accompanying notes are an integral part of these financial statements.

Lakeridge Health Foundation

Statement of Operations

For the year ended March 31, 2021

(in thousands of dollars)

				2021	2020
	Unrestricted Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Income					
Donations received					
Cash	670	3,611	-	4,281	4,093
In-kind	-	909	-	909	55
Change in fair value of investments	8,031	567	26	8,624	(3,090)
Rental income (note 6)	256	-	-	256	256
Other income (note 8)	244	-	-	244	-
	9,201	5,087	26	14,314	1,314
Expenses					
Administrative	1,313	-	-	1,313	1,332
Fundraising	765	34	-	799	1,022
Investment	214	16	1	231	179
	2,292	50	1	2,343	2,533
Excess (deficiency) of income over expenses before undernoted	6,909	5,037	25	11,971	(1,219)
Grants to Lakeridge Health	-	(3,262)	-	(3,262)	(613)
Excess (deficiency) of income over expenses for the year	6,909	1,775	25	8,709	(1,832)

The accompanying notes are an integral part of these financial statements.

Lakeridge Health Foundation

Statement of Changes in Fund Balances

For the year ended March 31, 2021

(in thousands of dollars)

	Unrestricted Fund			Restricted Fund			Endowment Fund	2021	2020
	Internally restricted \$	Unrestricted \$	Total \$	Internally restricted \$	Restricted \$	Total \$	Total \$		
Balance – Beginning of year	22,014	4,896	26,910	116	24,155	24,271	72	51,253	53,085
Interfund transfers	60	(60)	-	2,834	(3,206)	(372)	372	-	-
Excess (deficiency) of income over expenses for the year	-	6,909	6,909	-	1,775	1,775	25	8,709	(1,832)
Balance – End of year	22,074	11,745	33,819	2,950	22,724	25,674	469	59,962	51,253

The accompanying notes are an integral part of these financial statements.

Lakeridge Health Foundation

Statement of Cash Flows

For the year ended March 31, 2021

(in thousands of dollars)

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of income over expenses for the year	8,709	(1,832)
Items not affecting cash		
Change in fair value of investments	(2,105)	5,273
Reinvested investment income	(6,519)	(2,013)
Amortization	37	42
Changes in non-cash working capital		
Accounts receivable	(61)	(54)
Prepaid expenses	14	22
Other long-term assets	-	(56)
Accounts payable and accrued liabilities	19	(19)
Due from/to Lakeridge Health	11	(13)
Deferred donations	(37)	16
	<hr/> 68	<hr/> 1,366
Investing activities		
Acquisition of capital assets	(18)	(59)
Purchase of investments	(2,810)	-
	<hr/> (2,828)	<hr/> (59)
Change in cash during the year	(2,760)	1,307
Cash – Beginning of year	<hr/> 8,399	<hr/> 7,092
Cash – End of year	<hr/> 5,639	<hr/> 8,399

The accompanying notes are an integral part of these financial statements.

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

1 Status and nature of activities

Lakeridge Health Foundation (the Foundation) is a registered charity under the Income Tax Act (Canada) which raises and invests funds for the benefit of Lakeridge Health in respect of activities related to health and/or related social and educational purposes of the community. As a registered charity, the Foundation is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Canadian Accounting Standards Board.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Unrestricted Fund accounts for the non-restricted donations and the Foundation's general operations. The internally restricted amount within the Unrestricted Fund is used to guarantee the parking lot financing with Lakeridge Health. Other internally restricted amounts within the Unrestricted Fund have been restricted by the Board of Directors to ensure the long-term viability of the Foundation.

The Restricted Fund and Endowment Fund account for externally restricted contributions as set out in note 5 to the financial statements.

Revenue recognition

Revenue from donations and fundraising activities are recorded when received. Non-restricted contributions are recognized as revenue of the Unrestricted Fund. Donor restricted contributions are recorded as revenue of the appropriate Restricted Fund or the Endowment Fund. Other contributions, including gifts in-kind, are recognized as revenue when received.

Investments and investment income

Investments are recorded at quoted fair values. The fair values of the units in pooled funds are based on the quoted fair values of the securities held by the pooled funds and are provided by the administrators of the pooled funds.

Investment income and unrealized gain (loss) are allocated between the Unrestricted Fund, Restricted Fund and Endowment Fund based on the ending fund balances.

Cash

Cash comprises cash on hand with a major financial institution.

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

Deferred donations and prepaid expenses

Deferred donations represent donations received in advance for subsequent years' fundraising events. These amounts are recognized as revenue in the year in which the event occurs, together with any associated costs.

Costs directly related to future fundraising events are presented as prepaid expenses when the Foundation can reliably demonstrate the event will take place in a future period. Once the event is held, the related costs are expensed in the year in which the event occurs.

Financial instruments and risk management

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification below.

Cash is recorded at fair value.

Investments are recorded at fair value. Changes in the value of the portfolio are reflected in the statement of operations. Transaction costs related to financial assets are expensed as incurred.

Accounts receivable, accounts payable and accrued liabilities and due to Lakeridge Health are measured at amortized cost, which approximates fair value due to the short-term maturity of the instruments.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Renovation costs to maintain normal operating efficiency are expensed as incurred. Maintenance, repairs and minor replacements are also expensed as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets at the following rates:

Office improvements	10 years
Furniture and fixtures	5 years

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

3 Investments

Investments consist of the following amounts held in units of various pooled funds and comprise the following:

	2021 \$	2020 \$
Pooled funds		
Cash and equivalents	216	1,969
Fixed income	15,583	15,223
Equities	33,752	20,925
	<hr/> 49,551	<hr/> 38,117
Aggregate cost	<hr/> 43,032	<hr/> 43,390

4 Capital assets

	<hr/> 2021		<hr/> 2020	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	4,292	-	4,292	4,292
Office improvements	343	186	157	179
Furniture and fixtures	186	133	53	50
	<hr/> 4,821	<hr/> 319	<hr/> 4,502	<hr/> 4,521

Amortization expense for 2021 totalled \$37 (2020 – \$42).

5 Restricted funds

The Foundation holds all funds received or to be received in the Restricted Fund for use by Lakeridge Health for the redevelopment and expansion of existing and future buildings. The Foundation maintains the funds and will contribute to Lakeridge Health, from time to time, such amounts as are requested in writing for such purposes with appropriate supporting documentation.

The Foundation also holds funds received for Lakeridge Health to be used for medical equipment or other capital equipment, or both, research and education, provided that any such monies, property and pledges designated for a specific purpose shall be contributed to Lakeridge Health for such purposes. The Foundation maintains the funds and will contribute to Lakeridge Health, from time to time, such amounts as are requested in writing for such purposes with appropriate supporting documentation.

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

6 Related party transactions

The Foundation has utilized office space in Lakeridge Health's Oshawa and Whitby sites since June 2010. Lakeridge Health charges a nominal fee of one dollar annually for the use of this space. In addition, Lakeridge Health provides a number of services to the Foundation, including payroll, human resources and some financial processes. Lakeridge Health does not charge the Foundation a fee for these services.

In 2016, the Foundation purchased land adjacent to Lakeridge Health and subsequently leased the land to Lakeridge Health for a 20-year period at an annual lease rate that escalates from \$200 to \$349 over the period of the lease. Lakeridge Health intends to use the land to provide additional parking services to its patients. Given the terms of the lease, the Foundation has treated the lease as an operating lease in these financial statements.

7 Financial risk management

The Foundation is subject to market risks with respect to its financial instruments. The risks are managed and monitored in accordance with the Foundation's investment policy.

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss. The significant market risks to which the Foundation is exposed are interest rate and other price risks.

Interest rate risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility in those rates. The Foundation is exposed to interest rate risk as a result of its fixed income portfolio. Changes in interest rates will have an impact on the fair values of the bonds. The Foundation mitigates its risk on interest rates by ensuring it has a diversified investment portfolio that is regularly monitored and adjusted to minimize risk.

Other price risk

Other price risk is the risk the fair value of a financial instrument will fluctuate because of changes in market prices (other than interest rate risk). The Foundation's investment portfolio is exposed to other price risk.

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2021

(in thousands of dollars)

8 COVID-19 – impact

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. On March 17, 2020, the Province of Ontario declared a state of emergency. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. The COVID-19 outbreak may negatively impact the amount of the Foundation's revenue in the event that planned fundraising events are cancelled; however, the duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Foundation in future periods.

The Foundation has applied for government support programs and qualified for \$244 of Canada Emergency Wage Subsidy funding in fiscal 2021, which has helped to offset the negative financial impact of COVID-19.