

# **Markham Stouffville Hospital Foundation**

Financial Statements  
**March 31, 2021**



## Independent auditor's report

To the Board of Directors of Markham Stouffville Hospital Foundation

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Markham Stouffville Hospital 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 and 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 a summary of significant accounting policies.

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### 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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### 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.

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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.

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### **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 28, 2021

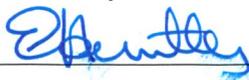
# Markham Stouffville Hospital Foundation

## Statement of Financial Position

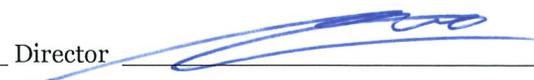
As at March 31, 2021

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	6,208,352	6,570,467
Prepaid expenses and receivables	89,799	95,328
	<u>6,298,151</u>	<u>6,665,795</u>
<b>Investments</b> (note 4(a))	17,497,698	14,438,148
<b>Capital assets</b> (note 5)	76,225	79,311
	<u>23,872,074</u>	<u>21,183,254</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	522,319	443,582
Due to Markham Stouffville Hospital (note 6(b))	11,496	18,633
Deferred revenue (note 8)	12,000	127,350
	<u>545,815</u>	<u>589,565</u>
<b>Fund Balances</b>		
<b>Externally restricted</b>	4,751,069	5,258,169
<b>Unrestricted</b>	18,575,190	15,335,520
	<u>23,326,259</u>	<u>20,593,689</u>
	<u>23,872,074</u>	<u>21,183,254</u>
<b>Commitments</b> (note 11)		

Approved by the Board of Directors



Director



Director

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

# Markham Stouffville Hospital Foundation

## Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2021

			2021	2020
	Externally restricted \$	Unrestricted \$	Total \$	Total \$
<b>Revenue</b>				
Donations and planned gifts	2,513,176	5,998,327	8,511,503	7,083,239
Special fundraising events	380,335	507,533	887,868	1,676,963
	<u>2,893,511</u>	<u>6,505,860</u>	<u>9,399,371</u>	<u>8,760,202</u>
<b>Expenses</b>				
Fundraising and administrative	-	3,094,760	3,094,760	3,079,760
Special fundraising events	-	72,236	72,236	314,282
	<u>-</u>	<u>3,166,996</u>	<u>3,166,996</u>	<u>3,394,042</u>
<b>Excess of revenue over expenses before the undernoted</b>	<u>2,893,511</u>	<u>3,338,864</u>	<u>6,232,375</u>	<u>5,366,160</u>
<b>Investment income</b>				
Investment income (note 4(b))	-	3,074,079	3,074,079	121,852
Investment management fees	-	(105,266)	(105,266)	(99,978)
	<u>-</u>	<u>2,968,813</u>	<u>2,968,813</u>	<u>21,874</u>
<b>Excess of revenue over expenses before grants</b>	<u>2,893,511</u>	<u>6,307,677</u>	<u>9,201,188</u>	<u>5,388,034</u>
<b>Grants to Markham Stouffville Hospital (note 6(c))</b>	<u>(3,129,194)</u>	<u>(3,339,424)</u>	<u>(6,468,618)</u>	<u>(5,862,387)</u>
<b>Excess (deficiency) of revenue over expenses and grants for the year</b>	<u>(235,683)</u>	<u>2,968,253</u>	<u>2,732,570</u>	<u>(474,353)</u>
<b>Fund balances – Beginning of year</b>	5,258,169	15,335,520	20,593,689	21,068,042
<b>Interfund transfer (note 9)</b>	<u>(271,417)</u>	<u>271,417</u>	<u>-</u>	<u>-</u>
<b>Fund balances – End of year</b>	<u>4,751,069</u>	<u>18,575,190</u>	<u>23,326,259</u>	<u>20,593,689</u>

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

# Markham Stouffville Hospital Foundation

## Statement of Cash Flows

For the year ended March 31, 2021

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	2021 \$	2020 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses and grants for the year	2,732,570	(474,353)
Items not affecting cash		
Reinvested investment income	(291,490)	(337,292)
Investment management fees	105,266	99,978
Donations of investments	(152,355)	(1,928,353)
Amortization of capital assets	23,842	22,156
Change in fair value of investments	(2,720,971)	390,665
	(303,138)	(2,227,199)
Changes in non-cash operating working capital items		
Prepaid expenses and receivables	5,529	5,095
Accounts payable and accrued liabilities	78,737	(12,164)
Due to Markham Stouffville Hospital	(7,137)	3,031
Deferred revenue	(115,350)	(73,150)
	(341,359)	(2,304,387)
<b>Investing activities</b>		
Proceeds from disposal of investments	-	4,145,000
Purchase of capital assets	(20,756)	(50,093)
	(20,756)	4,094,907
<b>Change in cash during the year</b>	(362,115)	1,790,520
<b>Cash – Beginning of year</b>	6,570,467	4,779,947
<b>Cash – End of year</b>	6,208,352	6,570,467

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

# Markham Stouffville Hospital Foundation

## Notes to Financial Statements

March 31, 2021

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### 1 Description of operations

Markham Stouffville Hospital Foundation (the Foundation) is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada). The Foundation exists to enable the growth of Markham Stouffville Hospital (the Hospital) by raising funds and awareness to support capital and other special projects for its priorities and ongoing needs.

### 2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied within the framework of the accounting policies summarized below.

#### Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- The unrestricted fund accounts for the Foundation's fundraising and administrative activities. This fund reports unrestricted resources available for immediate purposes.
- The externally restricted fund reflects donations that are to be expended for specific purposes as directed by the donors. An administration fee of 15% is applied on eligible restricted gifts to reflect the cost associated with fundraising and administration.

#### Revenue recognition

Contributions are recognized as revenue in the appropriate fund in the year received; unrestricted contributions are recorded in the unrestricted fund and those contributions restricted for specific purposes are recorded in the externally restricted fund. In the case of special events, contributions are initially deferred and recognized as revenue in the year in which the special event occurs.

#### Investment income

Investment income is accrued as it is earned and includes dividends, interest income and change in fair value of investments.

#### Financial instruments

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

# Markham Stouffville Hospital Foundation

## Notes to Financial Statements

March 31, 2021

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Cash	fair value
Investments	fair value
Prepaid expenses and receivables	amortized cost
Accounts payable and accrued liabilities	amortized cost

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized on a straight-line basis.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset shall be written down and the resulting impairment loss shall be recognized in the statement of operations and changes in fund balances for the year.

### **Pledges**

The amount of any pledges to donate funds is not included in revenue until such time as ultimate collection is reasonably assured, which is primarily when the funds are received. Future pledge payments expected as at March 31, 2021 are \$10,236,896 (2020 – \$8,872,042). In the current year, the Foundation received \$1,168,376 in pledge payments.

### **Capital assets**

Capital assets are recorded at cost or, in the case of donated capital assets at fair value, less accumulated amortization. When capital assets no longer contribute to the Foundation's ability to provide services, their carrying amount is written down to a residual value. Amortization is provided on furniture and equipment on a straight-line basis over three to ten years based on the estimated useful lives of the assets.

When a capital asset no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, the net carrying amount of the capital asset shall be written down to the capital asset's fair value or replacement cost.

### **Contributed goods and services**

Volunteers make a substantial contribution of time each year to assist the Foundation in carrying out its fundraising activities. Due to the difficulty of determining the fair value, these contributions are not recorded in the financial statements.

Contributed goods and services are not recognized or disclosed in the financial statements. However, they are valued for the purposes of providing donors with charitable receipts if a fair value can be reasonably estimated, and to monitor the value of in-kind support that may otherwise be incurred as an expense by the Foundation.

### **Contributed securities**

Gifts of publicly traded securities are recognized at fair value based on the closing published price on the date of receipt when such information is available, or other estimated fair value as applicable.

# Markham Stouffville Hospital Foundation

## Notes to Financial Statements

March 31, 2021

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### Use of estimates

In preparing the financial statements in accordance with ASNPO, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and fund balances and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses and changes in fund balances for the year. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known. Actual results could differ from those estimates. Accounts requiring significant estimates include the fair value of investments.

### 3 Letter of credit

The Foundation has a letter of credit in the amount of \$84,564 (2020 – \$43,904) issued in respect of charitable lotteries conducted by the Foundation.

### 4 Investments

a) Investments consist of the following:

	2021 \$	2020 \$
Cash and cash equivalents	352,089	310,048
Balanced pooled fund	17,145,609	14,128,100
	<u>17,497,698</u>	<u>14,438,148</u>

b) Investment income is made up of the following:

	2021 \$	2020 \$
Interest and dividends	353,108	512,517
Change in fair value of investments	2,720,971	(390,665)
	<u>3,074,079</u>	<u>121,852</u>

### 5 Capital assets

	<u>2021</u>		<u>2020</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	196,166	119,941	76,225	79,311

# Markham Stouffville Hospital Foundation

## Notes to Financial Statements

March 31, 2021

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### 6 Related party transactions and balances

- a) The Hospital is an independent corporation without share capital and has an independent board of directors. The Hospital is affiliated with the Foundation as a result of there being some common board members between the two organizations.

The Hospital provides the Foundation's premises on a rent-free basis, the value of which has not been recorded in the financial statements.

In turn, the Foundation, in its ongoing fundraising activities, provides the Hospital with public relations services, the value of which has not been recorded in the financial statements.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- b) The amounts due to the Hospital of \$11,496 (2020 – \$18,633) represent amounts payable for the reimbursement of operating expenses paid by the Hospital on behalf of the Foundation. These amounts are unsecured, non-interest bearing and due on demand.
- c) During the year, the Foundation granted \$6,468,618 (2020 – \$5,862,387) to the Hospital to fund capital equipment, medical technologies and strategic priorities that enable growth and innovation. This included \$3,129,194 (2020 – \$1,945,975) from the externally restricted fund and \$3,339,424 (2020 – \$3,916,412) from the unrestricted fund.

### 7 Pension plan

Substantially all the employees of the Foundation are members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer average pay contributory plan. Contributions to HOOPP made during the year by the Foundation on behalf of its employees amounted to \$145,633 (2020 – \$134,274) and are included in fundraising and administrative expenses in the statement of operations and changes in fund balances.

### 8 Deferred revenue

	2021 \$	2020 \$
Balance – Beginning of year	127,350	200,500
Contributions received during the year	224,787	276,225
Amounts recognized as revenue	(340,137)	(349,375)
	<hr/>	<hr/>
Balance – End of year	12,000	127,350

Deferred revenue represents monies received relating to special events which occur subsequent to year-end. As at March 31, 2021, deferred revenue represents monies received for the community events taking place in fiscal 2022.

# Markham Stouffville Hospital Foundation

## Notes to Financial Statements

March 31, 2021

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### 9 Interfund transfer

The interfund transfer of \$271,417 (2020 – \$267,671) represents an allocation of 15% of eligible restricted gifts received in the current fiscal year transferred from the restricted fund to the unrestricted fund.

### 10 Financial instruments and risk management

The Foundation is subject to market, currency, interest rate and credit risks with respect to its financial instruments. These 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 Foundation mitigates this risk through controls to monitor and limit concentration levels.

#### Currency risk

Currency risk is the risk to the Foundation's earnings that arises from fluctuations in foreign exchange rates on its investments and the degree of volatility of these rates.

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The Foundation has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

#### Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk primarily through its investments with various financial institutions. Management considers credit risk to be low as the Foundation only places its investments with reputable and financially stable organizations.

### 11 Commitments

The Foundation has entered into contracts with third parties with respect to fundraising and professional services. Total commitments for future payments are as follows:

	\$
2022	55,605
2023	18,515
2024	515
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	74,635
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# Markham Stouffville Hospital Foundation

Notes to Financial Statements

March 31, 2021

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## 12 Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. The outbreak and continuing spread of COVID-19 and the related disruption to the worldwide economy is affecting the region in which the Foundation operates. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. There is uncertainty as to the likely effects of this outbreak, which, among other things, may cause a decrease in fair value of investments. Given the rapidly evolving situation, it is not possible to predict the duration of the outbreak's disruption and the extent of the financial impact, which could be material, on future financial statements.