

---

Financial statements of  
St. Joseph's Health Centre  
Foundation of Toronto

March 31, 2018

---

---

Independent Auditor's Report .....	1
Balance sheet .....	2
Statement of revenue and expenses .....	3
Statement of changes in fund balances .....	4
Statement of cash flows .....	5
Notes to the financial statements .....	6-11

---

## Independent Auditor's Report

To the Members of the Finance Committee  
St. Joseph's Health Centre Foundation of Toronto

We have audited the accompanying financial statements of St. Joseph's Health Centre Foundation of Toronto, which comprise the balance sheet as at March 31, 2018, the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Joseph's Health Centre Foundation of Toronto as at March 31, 2018 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.



Chartered Professional Accountants  
Licensed Public Accountants  
May 31, 2018

# St. Joseph's Health Centre Foundation of Toronto

## Balance sheet


As at March 31, 2018

	Notes	2018	2017
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		21,731,035	12,941,921
Prepaid deposits		—	18,704
		<b>21,731,035</b>	12,960,625
Long-term investments	3(a)	13,500,562	12,326,637
Investment in insurance policies	3(c)	628,806	517,323
		<b>35,860,403</b>	25,804,585
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		169,145	128,971
Due to St. Joseph's Health Centre	5(b)	425,650	140,524
		<b>594,795</b>	269,495
<b>Fund balances</b>			
Unrestricted fund		6,973,133	6,085,776
Externally restricted fund		26,800,842	17,965,541
Endowment fund		1,491,633	1,483,773
		<b>35,265,608</b>	25,535,090
		<b>35,860,403</b>	25,804,585

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

Approved by the Board

 \_\_\_\_\_, Chair of the Board

 \_\_\_\_\_, Treasurer

## St. Joseph's Health Centre Foundation of Toronto

### Statement of revenue and expenses

Year ended March 31, 2018

	Notes	2018			2017	
		Unrestricted	Externally restricted	Endowment	Total	
		\$	\$	\$	\$	
<b>Revenue</b>						
Donations and other revenue		2,527,946	11,731,254	8,730	14,267,930	6,114,422
Fundraising events		476,348	635,407	—	1,111,755	1,179,581
Interest and other investment income	3(b)	268,619	169,781	—	438,400	569,674
		<b>3,272,913</b>	<b>12,536,442</b>	<b>8,730</b>	<b>15,818,085</b>	<b>7,863,677</b>
<b>Expenses</b>						
Fundraising		2,804,003	214,900	—	3,018,903	2,475,629
Administration		548,233	—	—	548,233	501,352
Investment management fees		56,646	35,219	—	91,865	79,260
		<b>3,408,882</b>	<b>250,119</b>	<b>—</b>	<b>3,659,001</b>	<b>3,056,241</b>
Excess of (expenses over revenue) revenue over expenses for the year before disbursements to St. Joseph's Health Centre and unrealized losses on investments		(135,969)	12,286,323	8,730	12,159,084	4,807,436
Disbursements to St. Joseph's Health Centre	5(a)	(129,454)	(2,891,620)	—	(3,021,074)	(2,557,178)
Unrealized gains on investments	3(b)	592,508	—	—	592,508	882,850
<b>Excess of revenue over expenses for the year</b>		<b>327,085</b>	<b>9,394,703</b>	<b>8,730</b>	<b>9,730,518</b>	<b>3,133,108</b>

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

**St. Joseph's Health Centre Foundation of Toronto**

**Statement of changes in fund balances**

Year ended March 31, 2018

				2018	2017
	Unrestricted	Externally restricted	Endowment	Total	Total
	\$	\$	\$	\$	\$
Fund balances, beginning of year	6,085,776	17,965,541	1,483,773	25,535,090	22,401,982
Excess of revenue over expenses for the year	327,085	9,394,703	8,730	9,730,518	3,133,108
Inter-fund transfers	560,272	(559,402)	(870)	—	—
Fund balances, end of year	<b>6,973,133</b>	<b>26,800,842</b>	<b>1,491,633</b>	<b>35,265,608</b>	25,535,090

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

## St. Joseph's Health Centre Foundation of Toronto

### Statement of cash flows

Year ended March 31, 2018

	2018	2017
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	9,730,518	3,133,108
Less endowment contributions	(8,730)	(7,665)
Items not affecting operating cash		
Realized losses (gains) on sale of investments	88,038	(141,602)
Unrealized gains on investments	(592,508)	(882,850)
Changes in non-cash working capital items		
Prepaid deposits	18,704	9,542
Accounts payable and accrued liabilities	40,174	(77,969)
Due to St. Joseph's Health Centre	285,126	(2,737,104)
	<b>9,561,322</b>	<b>(704,540)</b>
<b>Investing activities</b>		
Payment of premiums on donated life insurance policies	(111,483)	(111,483)
Proceeds from disposal of long-term investments	509,582	1,855,561
Purchase of long-term investments	(1,179,037)	(2,986,492)
	<b>(780,938)</b>	<b>(1,242,414)</b>
<b>Financing activity</b>		
Endowment contributions	8,730	7,665
Increase (decrease) in cash and cash equivalents during the year	8,789,114	(1,939,289)
Cash and cash equivalents, beginning of year	12,941,921	14,881,210
<b>Cash and cash equivalents, end of year</b>	<b>21,731,035</b>	<b>12,941,921</b>
<b>Cash and cash equivalents are comprised of the following:</b>		
Cash	3,136,636	1,312,997
Cash equivalents	18,594,399	11,628,924
	<b>21,731,035</b>	<b>12,941,921</b>

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

# St. Joseph's Health Centre Foundation of Toronto

## Notes to the financial statements

March 31, 2018

---

### 1. Nature of the Foundation

St. Joseph's Health Centre Foundation of Toronto (the "Foundation") is a non-profit corporation, incorporated under the provisions of the Canada Not-for-Profit Corporations Act, without share capital and has been granted status as a registered charity under the Income Tax Act. The Foundation's charitable registration number is 119183382 RR 0001.

The objectives of the Foundation are to receive and maintain funds for the benefit of St. Joseph's Health Centre (the "Health Centre") for the enhancement or improvement of the facilities or the services provided by the Health Centre. These objectives specifically do not include disbursement of any funds toward operating costs or expenses associated with the Health Centre that are otherwise funded by the Ministry of Health and Long-Term Care.

### 2. Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

#### *Fund accounting and capital management*

The Foundation follows the restricted fund method of accounting for contributions, which consist of donations, bequests and proceeds from special events.

The financial statements separately disclose the activities of the following funds maintained by the Foundation:

#### *Unrestricted fund*

This fund includes donations, bequests and net proceeds from fundraising activities, which are for the enhancement or improvement of the facilities or services provided by the Health Centre.

#### *Externally restricted fund*

This fund includes donations and bequests for specific purposes as designated by the donors.

#### *Endowment fund*

This fund includes donations and bequests which are subject to external restrictions and internal allocations, specifying that the fund balance be maintained permanently. Net investment income earned on resources held for endowment are recognized under the externally restricted fund and then disbursed for specific projects as designated by the donors or the Board of Directors. In November 2007 the Board of Directors of the Foundation transferred the research funds to the endowment fund.

#### *Revenue recognition*

Contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the unrestricted fund. Donor restricted contributions for specific purposes are recognized as revenue in the externally restricted fund, unless the capital is maintained for a specified period of time, in which case the contributions are recognized as revenue in the endowment fund.



**2. Summary of significant accounting policies (continued)**

*Cash and cash equivalents*

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into known amounts of cash. Interest in respect of the cash equivalents is accrued as earned.

*Investment income*

Investment income is allocated to certain externally restricted funds to help fund its activities at the discretion of the Board of Directors.

*Financial instruments*

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date, as follows:

<u>Asset/liability</u>	<u>Measurement</u>
Cash and long term investments	Fair value
Long term investment – insurance policies	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to St. Joseph's Health Centre	Amortized cost

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 revenue, expenses and changes in net assets for the period.

Transaction costs are expensed as incurred.

*Donated services, goods and investments*

The Foundation does not recognize the substantial value of services contributed by volunteers due to the difficulty in determining their fair value, or the value of goods contributed to the organization.

Donated investments are recorded at market value at the date received and are included in donations.

*Pledges*

The amount of any pledges to donate funds is not included in revenue until such time as the funds are received.

*Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include long-term investments and accrued liabilities.

## St. Joseph's Health Centre Foundation of Toronto

### Notes to the financial statements

March 31, 2018

### 3. Investments

#### (a) Long-term investments

	2018		2017	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
Investment portfolio				
Common stocks, equity pooled funds and other	6,228,916	8,888,159	6,200,949	8,201,036
Fixed income securities	4,663,042	4,612,403	4,109,592	4,125,601
	<b>10,891,958</b>	<b>13,500,562</b>	10,310,541	12,326,637

#### (b) Interest and other investment

	2018	2017
	\$	\$
Net realized investment (losses) gains	(88,038)	141,602
Interest and other investment income		
Interest	93,965	55,269
Dividends	435,729	371,924
Foreign currency (losses) gains	(3,256)	879
	<b>438,400</b>	569,674
Unrealized gains on investments	592,508	882,850
	<b>1,030,908</b>	1,452,524

Interest and other investment income under the externally restricted fund includes \$44,925 (\$83,363 in 2017) relating to income earned on resources held for endowment.

#### (c) Investment in insurance policies

The Foundation is the named beneficiary of life insurance policies for which the Foundation has taken over responsibility for premium payments and is recording these payments as an asset. The total death benefit value of the life insurance policies is \$2,500,000 (\$2,500,000 in 2017).

### 4. Pledges

The Foundation has outstanding pledges of \$35,350,000 (\$11,356,000 in 2017) made to various campaigns, which are not reflected in these financial statements as their ultimate collection cannot be reasonably assured. Pledges are scheduled to be received over the next five years.

## St. Joseph's Health Centre Foundation of Toronto

### Notes to the financial statements

March 31, 2018

#### 5. Related party transactions

(a) Disbursements to the Health Centre are as follows:

	2018			2017
	Unrestricted	Externally restricted	Total	Total
	\$	\$	\$	\$
Capital projects	80,000	2,752,816	2,832,816	2,346,676
Other grants	49,454	138,804	188,258	210,502
	129,454	2,891,620	3,021,074	2,557,178

(b) Due to St. Joseph's Health Centre represents amounts payable in respect of the reimbursement of operating expenditures paid by the Health Centre on behalf of the Foundation.

(c) All related party 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.

#### 6. Allocation of expenses

The Foundation reports its expenses by function in the statement of revenues and expenses. The following classifies these expenses by object:

	2018	2017
	\$	\$
Salaries and benefits	1,732,636	1,455,455
General and office	85,092	110,322
Professional and consulting	378,495	428,194
Marketing	438,521	396,639
Fundraising	1,024,257	665,631
	3,659,001	3,056,241

#### 7. Commitments, contingencies and guarantees

In the normal course of business, the Foundation enters into agreements that meet the definition of a guarantee. The Foundation's primary guarantees are as follows:

- (i) Indemnity has been provided to all directors, committee members and officers of the Foundation for various items including, but not limited to, all costs to settle suits or actions due to association with the Foundation, subject to certain restrictions. The Foundation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of indemnification is not explicitly defined, but is limited to the period over which the indemnification party served as a director or officer of the Foundation.
- (ii) In the normal course of business, the Foundation has entered into agreements that include indemnities in favour of third parties. These indemnification agreements may require the Foundation to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction.

**7. Commitments, contingencies and guarantees (continued)**

The nature of these indemnification agreements prevents the Foundation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Foundation has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued in the balance sheet with respect to these agreements.

**8. Financial instruments and risk management**

The Foundation, through its exposure to financial assets and liabilities has exposure to the following risks from its use of financial instruments: credit risk, market risk and interest rate risk.

*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 short-term interest bearing investments held by the Foundation have a limited exposure to interest rate risk due to their short-term maturity. The Foundation has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

*Credit risk*

The Foundation's principal financial assets are cash, short-term investments, accounts receivable and long term investments, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Foundation's maximum credit exposure at the balance sheet date.

The Foundation's credit risk is primarily attributable to its long term investments. The credit risk on cash, and short-term investments is limited since the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies.

*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 arise from fluctuations in foreign exchange rates and the degree of validity of these rates. The Foundation mitigates this risk through controls to monitor such rates.

**9. Works of art**

The Foundation received a donation of an art collection with a fair market value of \$280,480 at the time of donation. In accordance with Canadian accounting standards for not-for-profit organizations, the recording of these works of art as an asset is not required, and as such they have not been reflected in these financial statements. The Foundation's collection is held at St. Joseph's Health Centre for display.

## **St. Joseph's Health Centre Foundation of Toronto**

### **Notes to the financial statements**

March 31, 2018

---

#### **10. Inter-fund transfers**

A total of \$560,272 (\$827,443 in 2017) was transferred to the Unrestricted fund from the Externally restricted and Endowment funds as a 10% allocation on restricted donations as per Foundation Policy.

#### **11. Letter of credit**

The Foundation has one letter of credit outstanding at March 31, 2018 in the amount of \$49,725 (\$49,725 in 2017) issued to the City of Toronto with respect to Charitable Gaming Activities. The letter of credit is secured by cash. As of March 31, 2018, no amounts have been applied against the letter of credit.