

# **Women's College Hospital Foundation**

Financial Statements  
**March 31, 2020**



## *Independent auditor's report*

To the Board of Directors of Women's College Hospital Foundation

---

### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Women's College Hospital Foundation (the Foundation) as at March 31, 2020 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, 2020;
  - the statement of operations and changes in funds 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.
- 

### *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.

---

### *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.

---

*PricewaterhouseCoopers LLP*  
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*  
*T: +1 416 863 1133, F: +1 416 365 8215*

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



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 11, 2020

# Women's College Hospital Foundation

## Statement of Financial Position

As at March 31, 2020

	2020			2019
	Unrestricted \$	Restricted \$	Total \$	Total \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	295,390	3,256,259	3,551,649	2,858,297
Amounts receivable	155,793	-	155,793	106,145
Prepaid expenses	19,112	-	19,112	169,958
	470,295	3,256,259	3,726,554	3,134,400
<b>Investments</b> (note 3)	-	47,422,458	47,422,458	49,219,772
<b>Other assets</b>	1	-	1	1
	470,296	50,678,717	51,149,013	52,354,173
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (note 6)	456,708	-	456,708	308,597
Deferred revenue	-	-	-	155,000
	456,708	-	456,708	463,597
<b>Fund Balances</b>				
General fund	13,588	-	13,588	796,000
Restricted fund	-	50,678,717	50,678,717	51,094,576
	13,588	50,678,717	50,692,305	51,890,576
	470,296	50,678,717	51,149,013	52,354,173

Approved by the Board of Directors

 Director
  Director

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

**Women's College Hospital Foundation**  
**Statement of Operations and Changes in Fund Balances**  
**For the year ended March 31, 2020**

	<b>2020</b>			<b>2019</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>				
Donations	1,437,791	7,866,786	9,304,577	9,275,961
Bequests	515,846	766,911	1,282,757	1,111,064
Events	416,047	456,283	872,330	2,096,711
	2,369,684	9,089,980	11,459,664	12,483,736
<b>Investment (loss) income</b> (note 5)	(109,092)	(1,757,751)	(1,866,843)	2,373,927
	2,260,592	7,332,229	9,592,821	14,857,663
<b>Expenditures</b>				
Salaries and benefits	2,993,472	-	2,993,472	2,808,804
Fundraising costs	1,212,482	20,118	1,232,600	1,338,069
Administration	292,952	-	292,952	255,460
	4,498,906	20,118	4,519,024	4,402,333
<b>Excess (deficiency) of revenue over expenditures before grants</b>	(2,238,314)	7,312,111	5,073,797	10,455,330
<b>Grants</b> (note 7)	-	(6,272,068)	(6,272,068)	(6,421,843)
<b>Excess (deficiency) of revenue over expenditures for the year</b>	(2,238,314)	1,040,043	(1,198,271)	4,033,487
<b>Fund balances – Beginning of year</b>	796,000	51,094,576	51,890,576	47,857,089
<b>Interfund transfers</b> (note 8)	1,455,902	(1,455,902)	-	-
<b>Fund balances – End of year</b>	13,588	50,678,717	50,692,305	51,890,576

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

# Women's College Hospital Foundation

## Statement of Cash Flows

For the year ended March 31, 2020

---

	2020 \$	2019 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures for the year	(1,198,271)	4,033,487
Items not affecting cash		
Change in fair value of investments (note 5)	2,660,349	(1,026,488)
Investment income reinvested	(718,035)	(1,263,272)
Gifts of investments	(343,076)	(654,196)
Changes in non-cash working capital items		
Amounts receivable	(49,648)	83,350
Prepaid expenses	150,846	9,440
Accounts payable and accrued liabilities	148,111	(120,942)
Deferred revenue	(155,000)	(185,951)
	<hr/> 495,276	<hr/> 875,428
<b>Investing activities</b>		
Purchase of investments	(2,254,170)	(2,370,000)
Proceeds from sale of investments	2,452,246	2,779,196
	<hr/> 198,076	<hr/> 409,196
<b>Increase in cash and cash equivalents during the year</b>	693,352	1,284,624
<b>Cash and cash equivalents – Beginning of year</b>	<hr/> 2,858,297	<hr/> 1,573,673
<b>Cash and cash equivalents – End of year</b>	<hr/> <b>3,551,649</b>	<hr/> <b>2,858,297</b>

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

# Women's College Hospital Foundation

## Notes to Financial Statements

March 31, 2020

---

### 1 Nature of operations

Women's College Hospital Foundation (the Foundation) is a corporation without share capital and is incorporated under the laws of the Province of Ontario. The Foundation is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The Foundation was established to solicit, receive, manage and distribute funds in respect of the advancement of health science research and education and the improvement of patient care in support of the legislated and strategic priorities of Women's College Hospital (the Hospital).

In carrying out its mission, the Foundation solicits, receives, manages and distributes funds and other property for the benefit and use of the Hospital and other organizations in the community with objectives similar to those of the Hospital.

### 2 Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The financial statements include the following significant policies.

#### 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 reflects the general fundraising, investing, granting and administrative activities and reports on unrestricted resources available for immediate use.

The Unrestricted Fund is used to support Foundation operations and make grants to the Hospital for the highest priority needs of the Hospital. The Unrestricted Fund also includes a transfer from the Restricted Fund of an allocation against restricted purpose gifts. The allocation ensures donors of both Unrestricted and Restricted Funds contribute to the operations of the Foundation.

- The Restricted Fund reflects those resources arising from fundraising, investing, granting and administrative activities, the purpose for which has been internally or externally restricted.
  - Restricted Operating Funds are externally and internally restricted resources and include investment income (loss) generated on Endowment Fund balances.
  - Restricted Endowment Funds are internally and externally restricted resources, which may include an internal or external requirement that the principal must be maintained. Investment income (loss) generated on Endowment Funds is recorded as income (expenditure) within the Restricted Operating Funds.



# Women's College Hospital Foundation

## Notes to Financial Statements

March 31, 2020

---

### **Revenue recognition**

Donations are recognized as revenue when received. Unrestricted, restricted and endowment donations are recorded as revenue in the Unrestricted, Restricted and Endowment Funds, respectively. Bequests, which include non-cash property, are recorded at the fair value of the property on the date of receipt by the Foundation. Unrestricted bequests are recorded in the Unrestricted Fund and may be transferred with approval from the Board of Directors to the internally restricted Endowment Fund or other Board Restricted Funds.

Restricted bequests are recorded in the appropriate Restricted or Endowment Fund. Amounts received relating to fundraising events to be held after the year-end are deferred and recognized on completion of the specific fundraising event.

Investment income (loss) generated on Endowment Funds is allocated to the Restricted Operating Fund. Distribution income on pooled funds is recorded when received. Dividend income is recorded when declared. Investment income (loss) earned on Unrestricted and Restricted Operating Funds is allocated to the Unrestricted Operating Fund.

### **Cash**

Cash represents cash on hand and cash at the bank. Restricted cash consists of funds in the restricted fund balances.

### **Investments**

Publicly traded securities are valued based on the closing prices, and pooled funds are valued based on reported unit values. The Foundation's investments are held in a segregated account with a custodian and are managed by an independent investment manager.

### **Other assets**

The Foundation has registered the trademark Women's College Hospital Foundation which has been valued at a nominal amount.

### **Contributed services**

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

# Women's College Hospital Foundation

## Notes to Financial Statements

March 31, 2020

---

### Financial assets and financial liabilities

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, with the exception of investments, which have been measured at fair value as described in this note. Changes in fair value are recognized in the statement of operations and changes in fund balances. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Financial assets and financial liabilities measured at amortized cost include cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities.

### Use of estimates

The financial statements of the Foundation have been prepared by management in accordance with ASNPO, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenditures for the reporting period. Actual results could differ from those estimates.

## 3 Investments

The Foundation's investments are as follows:

	2020 \$	2019 \$
Cash equivalents	842,545	348,553
Pooled funds		
Fixed income	17,359,063	17,905,251
Canadian equity	5,174,605	7,268,662
Global equity	24,046,245	23,697,306
	<u>46,579,913</u>	<u>48,871,219</u>
	<u>47,422,458</u>	<u>49,219,772</u>

## 4 Pledges

Pledges of future donations are recorded as donations in the financial statements when payment is received. As at March 31, 2020, total outstanding pledges are \$16,673,951, which are receivable in future years.

# Women's College Hospital Foundation

## Notes to Financial Statements

March 31, 2020

---

### 5 Investment income

	2020 \$	2019 \$
Interest income	75,471	84,167
Distributions from pooled funds	718,035	1,263,272
Change in fair value of investments	(2,660,349)	1,026,488
	<hr/>	<hr/>
Net investment income	(1,866,843)	2,373,927

### 6 Related party transactions

The Hospital is an independent corporation without share capital and with its own board of directors. The Hospital is affiliated with the Foundation as a result of some board members in common between the two organizations.

The Hospital provides certain services to the Foundation and pays some expenses, including payroll, on behalf of the Foundation. The Foundation reimburses the Hospital for all direct costs associated with the services provided and expenses paid.

As at March 31, 2020, advance payments to the Hospital in the amount of \$76,837 are included in accounts receivable. In 2019, \$24,159 was owed by the Foundation to the Hospital and was included in accounts payable and accrued liabilities.

### 7 Grants

	<hr/>		2020	<hr/>	2019
	Unrestricted \$	Restricted \$	Total \$		Total \$
Grants paid to the Hospital					
Research grants	-	3,616,053	3,616,053		3,162,194
Capital projects and education	-	2,656,015	2,656,015		3,259,649
	<hr/>	<hr/>	<hr/>		<hr/>
	-	6,272,068	6,272,068		6,421,843

As at March 31, 2020, there were no unrestricted grants (2019 – \$108,000).

# Women's College Hospital Foundation

## Notes to Financial Statements

March 31, 2020

### 8 Restricted Funds

	2020			2019	
	Endowment				
	Operating \$	Internal \$	External \$	Total \$	Total \$
Revenue					
Donations	9,055,556	-	34,424	9,089,980	10,457,426
Investment income	(1,757,751)	-	-	(1,757,751)	1,666,876
	7,297,805	-	34,424	7,332,229	12,124,302
Expenditures	(20,118)	-	-	(20,118)	(461,949)
Excess of revenue over expenditures before distributions	7,277,687	-	34,424	7,312,111	11,662,353
Grants	(6,272,068)	-	-	(6,272,068)	(6,223,843)
Excess of revenue over expenditures for the year	1,005,619	-	34,424	1,040,043	5,438,510
Fund balances – Beginning of year	16,630,677	4,035,570	30,428,329	51,094,576	47,103,136
Board designations					
Capital preservation (a)	-	-	-	-	-
Board endowed funds (b)	(24,000)	-	-	(24,000)	-
Interfund transfers					
Allocation (c)	(1,430,181)	-	(1,721)	(1,431,902)	(1,447,070)
Fund balances – End of year	16,182,115	4,035,570	30,461,032	50,678,717	51,094,576

- a) In years when investment income is realized, the Foundation has a policy to preserve the real value of the Endowment Funds by annually increasing the capital with an amount approximately equal to the rate of inflation for the year then ended. In 2020, there were investment losses and therefore there was no capital preservation allocation (2019 – 2%) from the Restricted Operating Fund to the Endowment Funds (2019 – \$672,000).
- b) Represents an allocation from the board endowment fund to the unrestricted funds.
- c) Interfund transfers represent an allocation of 12.5% of eligible restricted donations received in the year and 1% of endowment capital under management transferred from the Restricted Operating Fund to the Unrestricted Operating Fund.

# Women's College Hospital Foundation

## Notes to Financial Statements

March 31, 2020

---

### 9 Financial risk management

The main risks to which the Foundation's financial instruments are exposed are as follows:

#### 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 and cash with various financial institutions (note 3). Management considers the credit risk to be low as the Foundation only places its investments with reputable and financially stable organizations.

#### Liquidity risk

The Foundation believes it has moderate to low liquidity risk given the composition of its accounts payable and accrued liabilities.

#### 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.

#### Currency risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates. The international equity pooled fund holds assets and liabilities denominated in currencies other than Canadian dollars and this fund is therefore directly exposed to currency risk as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. The Foundation has a hedging policy to mitigate this 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.

To manage these risks, the Foundation has established investment policies, which include a target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances.

### 10 Impact of COVID-19

The outbreak of the coronavirus pandemic has resulted in governments worldwide enacting emergency measures to control the spread of the virus. As a result, these events may have a material impact on the fair value of the Foundation's investments and the revenue earned by the Foundation in future years. As the situation continues to evolve rapidly, the Foundation is unable to quantify the potential impact this pandemic may have on its future operations and financial statements.