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Financial statements of  
Markham Stouffville Hospital  
Foundation

March 31, 2023

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## Independent Auditor's Report

To the Board of Directors of  
Markham Stouffville Hospital Foundation

### Opinion

We have audited the financial statements of Markham Stouffville Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and changes in fund balances and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 GAAS 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 GAAS, 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 1, 2023

# Markham Stouffville Hospital Foundation

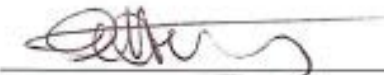
## Statement of financial position

As at March 31, 2023

	Notes	2023 \$	2022 \$
<b>Assets</b>			
Current assets			
Cash	3	5,672,200	6,584,884
Prepaid expenses and receivables		135,361	136,642
		<b>5,807,561</b>	6,721,526
Investments	4	<b>45,360,249</b>	17,880,539
Capital assets	5	<b>246,035</b>	287,053
		<b>51,413,845</b>	24,889,118
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		744,722	702,484
Due to Oak Valley Health	6 (b)	13,078	10,961
Deferred revenue	8	10,000	112,500
		<b>767,800</b>	825,945
Commitments	11		
<b>Fund balances</b>			
Externally restricted		9,118,114	6,029,653
Unrestricted		41,527,931	18,033,520
		<b>50,646,045</b>	24,063,173
		<b>51,413,845</b>	24,889,118

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

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**Markham Stouffville Hospital Foundation**  
**Statement of operations and changes in fund balances**  
Year ended March 31, 2023

	Notes	Externally restricted	Unrestricted	2023 Total \$	2022 Total \$
<b>Revenue</b>					
Donations and planned gifts		4,163,470	28,562,682	32,726,152	10,266,948
Special fundraising events		1,054,247	1,168,641	2,222,888	905,929
		<b>5,217,717</b>	<b>29,731,323</b>	<b>34,949,040</b>	<b>11,172,877</b>
<b>Expenses</b>					
Fundraising and administrative	7	—	3,703,695	3,703,695	3,307,383
Special fundraising events		—	694,703	694,703	150,235
		—	<b>4,398,398</b>	<b>4,398,398</b>	<b>3,457,618</b>
Excess of revenue over expenses before the undernoted		<b>5,217,717</b>	<b>25,332,925</b>	<b>30,550,642</b>	<b>7,715,259</b>
<b>Investment income</b>					
Investment income	4(b)	—	543,753	543,753	344,322
Investment management fees		—	(101,479)	(101,479)	(105,067)
		—	<b>442,274</b>	<b>442,274</b>	<b>239,255</b>
Excess of revenue over expenses before grants		<b>5,217,717</b>	<b>25,775,199</b>	<b>30,992,916</b>	<b>7,954,514</b>
Grants to Oak Valley Health	6	(1,821,004)	(2,589,040)	(4,410,044)	(7,217,600)
<b>Excess of revenue over expenses and grants for the year</b>		<b>3,396,713</b>	<b>23,186,159</b>	<b>26,582,872</b>	<b>736,914</b>
Fund balances, beginning of year		<b>6,029,653</b>	<b>18,033,520</b>	<b>24,063,173</b>	<b>23,326,259</b>
Interfund transfer	9	(308,252)	308,252	—	—
<b>Fund balances, end of year</b>		<b>9,118,114</b>	<b>41,527,931</b>	<b>50,646,045</b>	<b>24,063,173</b>

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

**Markham Stouffville Hospital Foundation****Statement of cash flows**

Year ended March 31, 2023

	2023	2022
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses and grants for the year	<b>26,582,872</b>	736,914
Items not affecting cash		
Realized gains (losses) on disposal of investments	<b>6,604</b>	(6,804)
Amortization of capital assets	<b>56,592</b>	34,837
Decrease (increase) in change in unrealized gains on investments	<b>1,376,838</b>	1,424,574
	<b>28,022,906</b>	2,189,521
Changes in non-cash operating working capital items		
Prepaid expenses and receivables	<b>1,281</b>	(46,843)
Accounts payable and accrued liabilities	<b>42,238</b>	180,165
Due to Oak Valley Health	<b>2,117</b>	(535)
Deferred revenue	<b>(102,500)</b>	100,500
	<b>27,966,042</b>	2,422,808
<b>Investing activities</b>		
Proceeds from disposal of investments	<b>1,354,782</b>	921,087
Purchases of investments	<b>(30,217,934)</b>	(2,721,698)
Purchase of capital assets	<b>(15,574)</b>	(245,665)
	<b>(28,878,726)</b>	(2,046,276)
Change in cash during the year	<b>(912,684)</b>	376,532
Cash, beginning of year	<b>6,584,884</b>	6,208,352
<b>Cash, end of year</b>	<b>5,672,200</b>	6,584,884

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

# Markham Stouffville Hospital Foundation

## Notes to the financial statements

March 31, 2023

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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 Oak Valley Health, formerly the 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, using the restricted fund method for reporting contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

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

- The unrestricted fund balance 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 with respect to dividends and interest income. In addition, investment income includes changes in the fair value of investments, including both realized and unrealized gains and losses on investments.

#### *Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Cash and investments are subsequently remeasured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Cash	Fair value
Investments	Fair value
Prepaid expenses and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to Oak Valley Health	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.



## Markham Stouffville Hospital Foundation

### Notes to the financial statements

March 31, 2023

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

### *Financial instruments (continued)*

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 pledged gifts are received. Future pledge payments expected as at March 31, 2023 are \$12,994,158 (\$8,821,399 in 2022). In the current year, the Foundation received \$2,494,997 in pledge payments (\$1,982,235 in 2022).

### *Capital assets*

Capital assets are recorded at cost less accumulated amortization. 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 capital 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.

### *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.

## Markham Stouffville Hospital Foundation

### Notes to the financial statements

March 31, 2023

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#### 3. Letter of credit

The Foundation has a letter of credit in the amount of \$34,500 (\$26,500 in 2022) issued in respect of charitable lotteries conducted by the Foundation.

#### 4. Investments

(a) Investments consist of the following:

	Fair value	2023 Cost	Fair value	2022 Cost
	\$	\$	\$	\$
Cash and cash equivalents	347,230	347,230	126,861	126,861
Term deposits	27,347,986	27,347,986	—	—
Balanced pooled fund	17,665,033	19,697,696	17,753,678	18,409,503
	<b>45,360,249</b>	<b>47,392,912</b>	17,880,539	18,536,364

As at March 31, 2023 the Foundation held interest bearing term deposits in the aggregate principal amount of \$27,000,000 bearing interest ranging from 4.9% to 4.95% per annum and maturing between June and December 2023. The fair market value as at March 31, 2023 is \$27,347,986.

(b) Investment income is comprised of the following:

	2023	2022
	\$	\$
Interest, dividends and realized gains and losses on investments	1,920,591	1,768,897
Change in unrealized (losses) gains on investments	(1,376,838)	(1,424,575)
	<b>543,753</b>	344,322

#### 5. Capital assets

	Cost	Accumulated amortization	2023 Net	2022 Net
	\$	\$	\$	\$
Furniture and equipment	457,405	211,370	246,035	287,053

# Markham Stouffville Hospital Foundation

## Notes to the financial statements

March 31, 2023

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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 \$13,078 (\$10,961 in 2022) 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 \$4,410,044 (\$7,217,600 in 2022) to the Hospital to fund capital equipment, medical technologies and strategic priorities that enable growth and innovation. This included \$1,821,004 (\$3,467,262 in 2022) from the externally restricted fund and \$2,589,040 (\$3,750,338 in 2022) 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 \$166,015 (\$167,132 in 2022) and are included in fundraising and administrative expenses in the statement of operations and changes in fund balances.

### 8. Deferred revenue

	<b>2023</b>	2022
	\$	\$
Balance, beginning of year	<b>112,500</b>	12,000
Contributions received during the year	<b>10,000</b>	112,500
Amounts recognized as revenue	<b>(112,500)</b>	(12,000)
Balance, end of year	<b>10,000</b>	112,500

Deferred revenue represents monies received relating to special events which occur subsequent to year-end. As at March 31, 2023, deferred revenue represents monies received for The Fortune Ball event taking place subsequent to March 31, 2023.

### 9. Interfund transfer

The interfund transfer of \$308,252 (\$339,598 in 2022) represents an allocation of 15% of eligible restricted gifts received in the current fiscal year transferred from the restricted fund to the unrestricted fund.

# Markham Stouffville Hospital Foundation

## Notes to the financial statements

March 31, 2023

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### 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 investment income that arises from fluctuations in foreign exchange rates on its investments that trade in foreign markets and the degree of volatility of these rates. The Foundation has formal policies and procedures that establish target asset mix.

#### *Interest rate risk*

Interest rate risk arises from changes in interest rates will affect the value of fixed income investments 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 expenses. Total commitments for future payments are as follows:

	<u>\$</u>
2024	403,042
2025	69,175
2026	<u>29,599</u>
	<u>501,816</u>