
Financial statements of
Southlake Regional Health Centre
Foundation

March 31, 2022

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations and changes in fund balances	4
Statement of cash flows	5
Notes to the financial statements	6-13

Independent Auditor's Report

To the Members of
Southlake Regional Health Centre Foundation

Opinion

We have audited the financial statements of the Southlake Regional Health Centre Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes fund balances, and 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, 2022 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.

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 audit 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 28, 2022

Southlake Regional Health Centre Foundation

Balance sheet

As at March 31, 2022

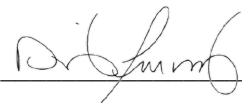
	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		5,627,820	2,646,428
Accounts receivable		177,327	190,680
Investments	3(a)	37,004,052	35,564,160
Restricted cash	15	—	50,000
		42,809,199	38,451,268
Capital assets, net	4	38,866	37,667
		42,848,065	38,488,935
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	474,055	199,285
Deferred revenue		119,093	104,920
Due to Southlake Regional Health Centre	10	260,218	616,990
		853,366	921,195
Fund balances			
General	5	5,500,311	6,096,137
Restricted	6	7,031,452	3,335,233
Endowment	7	29,462,936	28,136,370
		41,994,699	37,567,740
		42,848,065	38,488,935

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

Approved by the Board



, Director



, Director

Southlake Regional Health Centre Foundation
Statement of operations and changes in fund balances

Year end March 31, 2022

	Notes	General Fund		Restricted Fund		Endowment Fund		Total
		2022	2021	2022	2021	2022	2021	2021
		\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations and fundraising		3,360,939	6,727,734	2,034,132	4,246,099	3,854	3,673	10,977,506
Mental Health "Better begins today" Campaign		—	—	1,865,754	946,166	—	—	946,166
Cancer "Here is where cancer meets its match" Campaign		—	—	1,139,755	—	—	—	—
Maternal Child "Homeward Join the Journey" Campaign		—	—	666,311	—	—	—	—
Residential Hospice "love lives here" Campaign		—	—	122,009	542,932	—	—	542,932
Diagnostic Imaging "Images for Life" Campaign		—	—	1,082	1,232	—	—	1,232
		3,360,939	6,727,734	5,829,043	5,736,429	3,854	3,673	12,467,836
Lottery revenue		149,620	45,671	—	—	—	—	45,671
Lottery expenses		104,413	25,631	—	—	—	—	25,631
Net lottery		45,207	20,040	—	—	—	—	20,040
Investment income	3(b)	231,134	392,970	762,998	589,369	1,322,712	4,869,494	5,851,833
Total revenue, including net lottery and investment income (loss)		3,637,280	7,140,744	6,592,041	6,325,798	1,326,566	4,873,167	18,339,709
Expenses								
Fundraising and administrative		3,151,531	2,568,396	870,509	855,787	—	—	3,424,183
Excess of revenue over expenses before grants		485,749	4,572,348	5,721,532	5,470,011	1,326,566	4,873,167	14,915,526
Grants to Southlake Regional Health Centre	9	312,480	1,524,542	2,794,408	6,488,987	—	—	8,013,529
Excess (deficiency) of revenue over expenses for the year		173,269	3,047,806	2,927,124	(1,018,976)	1,326,566	4,873,167	6,901,997
Fund balances, beginning of the year		6,096,137	3,209,482	3,335,233	4,193,058	28,136,370	23,263,203	30,665,743
Interfund transfers		(769,095)	(161,151)	769,095	161,151	—	—	—
Fund balances, end of year		5,500,311	6,096,137	7,031,452	3,335,233	29,462,936	28,136,370	37,567,740

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

Southlake Regional Health Centre Foundation

Statement of cash flows

Year end March 31, 2022

	Notes	2022 \$	2021 \$
Operating activities			
Excess of revenue over expenses for the year		4,426,959	6,901,997
Items not affecting cash			
Net realized and unrealized (gain) loss included in investment income	3(b)	(1,439,914)	(5,151,664)
Amortization of capital assets	5	10,431	11,620
Non-operating contributions restricted for endowment		(3,854)	(3,673)
		2,993,622	1,758,280
Change in non-cash operating items			
Accounts receivable		13,353	133,092
Accounts payable and accrued liabilities		274,770	(55,532)
Deferred revenue		14,173	33,172
Due to Southlake Regional Health Centre		(356,772)	(77,258)
		2,939,146	1,791,754
Financing activity			
Contributions restricted for endowment		3,854	3,673
Investing activities			
Purchase of capital assets		(11,630)	(5,139)
Decrease in restricted cash	15	50,000	—
Net change in investments		22	(2,536)
		38,392	(7,675)
Increase in cash		2,981,392	1,787,752
Cash, beginning of year		2,646,428	858,676
Cash, end of year		5,627,820	2,646,428

The accompanying notes are an integral part of the financial statements

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2022

1. Purpose and organization

Southlake Regional Health Centre Foundation (the "Foundation") is incorporated under the laws of the Province of Ontario as a corporation without share capital. The Foundation raises, receives, accumulates and distributes funds and/or the income therefrom for charitable purposes and, in particular, for the benefit of Southlake Regional Health Centre (the "Hospital") and Southlake Residential Care Village (the "Village") in respect of capital expansion, equipment, and other special programs for the improvement of patient care.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Foundation must meet certain requirements within this Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

Management has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Financial instruments

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

Asset/liability	Measurement
Cash	Fair value
Accounts receivable	Amortized cost
Investments	Fair value
Accounts payable and accrued liabilities	Amortized cost
Due to Southlake Regional 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 will be recognized in the statement of operations and changes in fund balances for the period.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates:

Furniture and equipment	straight line over 5 years
Computer equipment	straight line over 5 years

The useful lives and amortization rates of capital assets are reviewed periodically, any adjustments are recognized in the statement of operations, and changes in fund balances in the period in which the changes are identified.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2022

2. Significant accounting policies (continued)

Fund accounting

The financial statements include the following funds:

- The General Fund comprises amounts available for immediate use for the general purpose of the Foundation as determined by the Board of Directors.
- The Restricted Fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors, or as stipulated by the fundraising appeal.
- The Endowment Fund comprises amounts to be maintained permanently as specified by the donors or the Board of Directors.

Revenue recognition

The Foundation follows the Restricted Fund method of accounting for contributions. Restricted contributions are recognized as revenue of the respective fund. Contributions are recorded when they are received. Pledges are not recorded in these financial statements as they are not legally enforceable claims.

The Foundation recognizes revenue for special events in the year in which the event occurs.

Unrestricted contributions unrelated to events, are recognized as revenue of the General Fund in the year received. Donor-restricted contributions are recognized as revenue of the Restricted Fund unless the capital is to be maintained permanently, in which case the contributions are recognized as revenue of the Endowment Fund.

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Investment income

Investment income is accrued as it is earned. Investment income includes dividend and interest income, and realized and unrealized gains and losses net of investment management fees and Foundation fees. The dividend and interest income net fees are allocated to the Restricted and General Funds. The realized and unrealized gains and losses remain in the Endowment Fund.

Contributed goods and services

Donors contribute gifts in kind for use in special fundraising events as well as for the use of qualified donees. These are recognized at their fair value when such value can be reasonably estimated. Donated property and equipment are recorded at fair value when fair value can be reasonably estimated. Donated materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Foundation and would be paid for if not donated.

Contributed securities

Gifts of publicly traded securities are recognized at estimated 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.

Volunteer fundraising activities

The work of the Foundation is dependent on the volunteer fundraising activities of many members. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated volunteer services are not recognized in these financial statements.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2022

2. Significant accounting policies (continued)

Use of estimates

In preparing the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund balances, and 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 and assumptions include investments due to valuation and accrued liabilities.

3. Investments

The Foundation maintains a significant portion of its investments in pooled funds managed by external investment managers.

(a) Investments consist of the following:

	2022	2021
	Fair value	Fair value
	\$	\$
Short-term investments (pooled funds)	4,560,298	4,303,255
Bonds	10,366,838	9,778,222
Canadian Equities	3,696,579	3,387,991
Global Equities	16,418,989	16,649,780
Real Estate and Infrastructure	1,961,348	1,444,912
	37,004,052	35,564,160

(b) Investment income consist of the following:

	2022	2021
	\$	\$
Realized net gains	676,477	795,199
Unrealized net gains	763,437	4,356,465
	1,439,914	5,151,664
Interest and other	1,058,370	865,189
	2,498,284	6,016,853
Investment counselling and safekeeping fees	(181,440)	(165,020)
Investment income	2,316,844	5,851,833

The investment portfolio is managed in accordance with the Foundation's investment policy.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2022

4. Capital assets

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Furniture and equipment	261,963	247,598	14,365	19,319
Computer equipment	289,097	264,596	24,501	18,348
	551,060	512,194	38,866	37,667

5. General Fund

The General Fund consists of the following:

	Excess \$	Investment in capital assets \$	2022 Total \$	2021 Total \$
Balance, beginning of year	6,058,470	37,667	6,096,137	3,209,482
Excess of revenue over expenses after grants	173,269	—	173,269	3,047,806
Interfund transfers	(769,095)	—	(769,095)	(161,151)
Investment in capital assets	(11,630)	11,630	—	—
Amortization of capital assets	10,431	(10,431)	—	—
Balance, end of year	5,461,445	38,866	5,500,311	6,096,137

6. Restricted Fund

The Restricted Fund consists of the following externally restricted amounts:

	2022 \$	2021 \$
"Images for Life" DI Campaign	1,593	674
"love lives here" Hospice Campaign	(153,632)	(257,340)
"Better begins today" Mental Health Campaign	1,517,374	23,023
"Here is where cancer meets its match" Campaign	1,353,122	384,333
"Homeward Join the Journey" Campaign	284,681	4,677
Village	17,637	8,915
Equipment and Program Funds	4,010,677	3,170,951
Balance, end of year	7,031,452	3,335,233

As at March 31, 2022, the Foundation has accrued nil (\$451,016 in 2021) related to the "love lives here" Hospice Campaign. The outstanding balance as at March 31, 2021 was paid to the Hospital in fiscal year 2021/22.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2022

7. Endowment Fund

The Endowment Fund consists of the following:

	2022 \$	2021 \$
Funds externally restricted for endowment purposes		
Income must be used for a restricted purpose	9,555,843	9,123,449
Income is unrestricted	3,432,445	3,278,099
Restricted for endowment purposes by the Board of Directors*		
Income must be used for a restricted purpose	3,084,992	2,946,361
Income is unrestricted	13,389,656	12,788,461
	29,462,936	28,136,370

* These funds arose as a result of public solicitation for endowments and as such, they are externally restricted. Accordingly, these funds must be held in the endowment in perpetuity.

8. Special events revenues and expenses

Special events revenues and expenses are included in the statement of operations and changes in fund balances at their gross amounts. Results for the individual events are as follows:

	Run/Walk for Southlake \$	Gala \$	Golf Tournament \$	2022 Total \$
Revenue	315,784	—	359,489	675,273
Expenses	(115,498)	(64,575)	(133,763)	(313,836)
	200,286	(64,575)	225,726	361,437
	Run/Walk for Southlake \$	Gala \$	Golf Tournament \$	2021 Total \$
Revenue	323,281	6,660	29,500	359,441
Expenses	(95,740)	(5,660)	(5,400)	(106,800)
	227,541	1,000	24,100	252,641

Included in special event revenues and expenses are donor contributed gifts in kind revenue of \$59,566 (\$62,346 in 2021) and gifts in kind expense of \$59,566 (\$62,346 in 2021).

9. Grants to Southlake Regional Health Centre

The Board of Directors has authorized grants to Southlake Regional Health Centre of \$3,106,888 (\$8,013,529 in 2021) to be used for the purposes specified at the time of transfer. The Board also authorized grants to other qualified donees of nil (nil in 2021).

10. Related parties

Amounts due upon receipt to the Hospital include transfers to reimburse the Hospital for amounts they paid on behalf of the Foundation for payroll of \$226,929 (\$164,974 in 2021), phones and postage \$772 (\$1,000 in 2021), as well as grants of \$9,565 (\$451,016 in 2021).

From time to time, the Foundation may secure the services of a business in which a Director may have an interest. In such cases, the Director will declare a conflict of interest and abstain from voting on the engagement and on any related discussions or decisions to avoid a conflict of interest.

11. Commitments

Future annual systems and events payments under contract are as follows:

	\$
Fiscal year ending March 31	
2023	233,834
2024	3,996
2025	2,331
	240,161

The Foundation uses systems to maintain a relationship management database, execute on events and correspondence, and to maintain their general and sub-ledgers.

In addition, in order to run special events, the Foundation enters into multi-year agreements for logistics and contracts to special events.

12. Capital management

General Fund

The General Fund is comprised of the Foundation’s operations and administrative activities. In managing this capital, the Foundation’s objective is to have sufficient resources to continue operations in accordance with its mission and to provide additional granting from time to time. This need for sufficient resources is considered in the preparation and monitoring of an annual budget, the setting of a cost recovery fee, the monitoring of cash flows and monitoring compliance with the approved minimum balance and investment policies.

Restricted Fund

The Restricted Fund is comprised of amounts that are to be used for specific purposes as specified by the donors, or as stipulated in the fundraising appeal. The invested Restricted Fund capital is managed under contract by professional investment managers in accordance with the Foundation’s investment policies with the objectives of preserving capital while providing for the cash flow needs of the Foundation in order to meet its granting requirements.

Southlake Regional Health Centre Foundation

Notes to the financial statements

March 31, 2022

12. Capital management (continued)

Endowment Fund

The Endowment Fund is comprised of amounts to be maintained permanently as specified by the donors or the Board of Directors. The income earned on these amounts is to be used in accordance with the endowment agreements or instructions of the Board of Directors.

The Endowment Fund capital is managed by professional investment managers in accordance with the Foundation's investment policies. The primary objectives of the Foundation's policies are to provide for long term granting to Southlake Regional Health Centre and to Southlake Village.

The financial objectives of the investment policies are: capital preservation; absolute real returns net of inflation sufficient to meet the minimum granting requirements imposed by the Canada Revenue Agency; and to maximize the total rate of return within acceptable risk tolerances to enable growth of the endowment fund capital over the long term.

Interest and dividend income from this fund is transferred to the Restricted and General Funds when earned. Grants are made from the Restricted and General Funds in accordance with the granting policy of the Foundation, when required by Southlake Regional Health Centre and Southlake Village.

Compliance with restrictions imposed by donors or the Board of Directors and compliance with the Foundation's investment and granting policies are monitored by management and reported to committees of the Board of Directors. Management has determined that the restrictions and policies have been satisfactorily complied with for the fiscal year ended March 31, 2022 on a basis consistent with the preceding year.

13. Pension plan

All employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the "Plan") which is a multi-employer final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Foundation amount to \$179,325 (\$165,638 in 2021) and are included in the statement of operations and changes in fund balances.

14. Government remittances

No amounts were outstanding with respect to government remittances at March 31, 2022 (nil in 2021).

15. Guarantees and contingent liabilities

In the normal course of business, the Foundation enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and officers of the Foundation for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Foundation, subject to certain restrictions. Directors' and officers' liability insurance is in place via the Foundation's coverage by the Hospital's HIROC policy, to mitigate the cost of any potential future suits or actions. The term of the 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. The maximum amount of any potential future payment cannot be reasonably estimated.

15. Guarantees and contingent liabilities (continued)

Letter of credit

In 2021, the Foundation had an irrevocable Letter of Credit in the amount of \$50,000 issued in respect of charitable lotteries conducted by the Foundation. The Letter of Credit was secured by cash in the amount of \$50,000 which was to be set aside and is restricted in use. As of March 31, 2022, the Letter of Credit has been cancelled.

16. Financial risk management

The Foundation is subject to market, currency, and interest rate risks with respect to its investments.

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 that 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 U.S. and International Equity Funds hold 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.

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.

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