

Trillium Health Partners Foundation

Financial Statements
March 31, 2015



June 4, 2015

Independent Auditor's Report

To the Members of Trillium Health Partners Foundation

We have audited the accompanying financial statements of Trillium Health Partners Foundation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise 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 as 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.

*PricewaterhouseCoopers LLP
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5
T: +1 905 815 6300, F: +1 905 815 6499*



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trillium Health Partners Foundation as at March 31, 2015 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.

Other matter

The financial statements of Trillium Health Partners Foundation for the year ended March 31, 2014 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 5, 2014.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Trillium Health Partners Foundation


Statement of Financial Position

As at March 31, 2015

				2015	2014
	General \$	Restricted \$	Endowment \$	Total \$	Total \$
Assets					
Current assets					
Cash and cash equivalents	5,514,442	8,365,481	-	13,879,923	21,590,293
HST recoverable and other receivables	251,895	188,677	7,193	447,765	29,643
Short-term investments	1,150,101	16,509,851	-	17,659,952	6,401,995
Prepaid expenses	73,503	-	-	73,503	24,454
	6,989,941	25,064,009	7,193	32,061,143	28,046,385
Capital assets (note 3)	100,709	-	-	100,709	131,586
Long-term investments (note 4)	2,096,411	-	17,385,100	19,481,511	18,328,445
	9,187,061	25,064,009	17,392,293	51,643,363	46,506,416
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities (note 5)	965,772	97,233	-	1,063,005	719,931
Deferred revenue	14,990	-	-	14,990	18,048
Employee future benefits	49,400	-	-	49,400	51,200
	1,030,162	97,233	-	1,127,395	789,179
Fund Balances	8,156,899	24,966,776	17,392,293	50,515,968	45,717,237
	9,187,061	25,064,009	17,392,293	51,643,363	46,506,416

Approved by the Board of Directors

 Director

 Director

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

Trillium Health Partners Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2015

				2015	2014
	General \$	Restricted \$	Endowment \$	Total \$	Total \$
Income					
Donations	3,260,541	5,666,672	104,690	9,031,903	10,547,523
Donations - other (note 6(b)(iv))	-	265,200	-	265,200	750,868
Bequests	753,612	2,371,458	1,897	3,126,967	1,097,998
Special events	196,537	3,328,742	6,605	3,531,884	3,317,019
Parking - net (note 6(b)(iii))	568,911	486,483	-	1,055,394	1,670,669
Investment income - net (notes 2 and 4)	240,580	342,983	1,091,751	1,675,314	981,278
	5,020,181	12,461,538	1,204,943	18,686,662	18,365,355
Expenses (note 7)					
Salaries and benefits (note 8)	2,652,336	771,995	-	3,424,331	3,487,132
Fundraising	1,189,467	933,350	-	2,122,817	1,917,621
Administration	392,594	350,418	-	743,012	572,484
Depreciation	38,451	-	-	38,451	37,883
	4,272,848	2,055,763	-	6,328,611	6,015,120
Excess income over expenses before transfers and fair value adjustments	747,333	10,405,775	1,204,943	12,358,051	12,350,235
Transfers to Trillium Health Partners (note 6(b)(i))	-	(7,802,445)	-	(7,802,445)	(2,417,211)
Fair value adjustments (note 4)	(20,084)	-	255,709	235,625	1,814,443
Excess income over expenses for the year	727,249	2,603,330	1,460,652	4,791,231	11,747,467
Fund Balances - Beginning of year	7,422,150	21,922,816	16,372,271	45,717,237	33,947,170
Employee future benefits remeasurement	7,500	-	-	7,500	22,600
Interfund transfers (note 9)	-	440,630	(440,630)	-	-
Fund Balances - End of year	8,156,899	24,966,776	17,392,293	50,515,968	45,717,237

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

Trillium Health Partners Foundation

Statement of Cash Flows

For the year ended March 31, 2015

	2015 \$	2014 \$
Cash provided by (used in)		
Operating activities		
Excess income over expenses for the year	4,791,231	11,747,467
Items not affecting cash		
Depreciation	38,451	37,883
Fair value adjustments	(235,625)	(1,814,443)
Employee future benefits remeasurement	7,500	22,600
	<u>4,601,557</u>	<u>9,993,507</u>
Changes in non-cash operating items		
HST recoverable and other receivables	(418,122)	166,059
Prepaid expenses	(49,049)	44,848
Accounts payable and accrued liabilities	343,074	50,757
Deferred revenue	(3,058)	(31,614)
Employee future benefits	(1,800)	11,800
	<u>4,472,602</u>	<u>10,235,357</u>
Investing activities		
Purchase of capital assets	(7,574)	(11,173)
Purchase of investments - net of disposals	(917,441)	(1,885,142)
	<u>(925,015)</u>	<u>(1,896,315)</u>
Increase in cash and cash equivalents during the year	3,547,587	8,339,042
Cash and cash equivalents - Beginning of year	<u>27,992,288</u>	<u>19,653,246</u>
Cash and cash equivalents - End of year	<u>31,539,875</u>	<u>27,992,288</u>
Represented by		
Cash - general	5,514,442	6,071,551
Cash - restricted	8,365,481	15,518,742
Cash and cash equivalents - general	1,150,101	100
Cash and cash equivalents - restricted	16,509,851	6,401,895
	<u>31,539,875</u>	<u>27,992,288</u>

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

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

Purpose of organization

On July 1, 2013, the Credit Valley Hospital Foundation and the Trillium Health Centre Foundation, previously independent foundations, amalgamated to form one legal entity known as the Trillium Health Partners Foundation (the Foundation). The amalgamated foundation continued to operate as such for the year ended March 31, 2015.

The Foundation receives, accumulates and distributes funds and/or income for charitable purposes carried on for the benefit of or to enhance or improve the services provided by or the facilities of the Trillium Health Partners (the Hospital), including but not limited to medical research, education, teaching and generally the advancement of knowledge and skills in and relating to the healing arts.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the Act). As such, the Foundation is exempt from income taxes and is able to issue donation receipts for income tax purposes under registration number 11924 5678 RR0001. The Foundation must meet certain requirements under the Act to maintain this status.

1 Summary of significant accounting policies

Basis of accounting

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

The accrual basis of accounting is used for reporting all income and expenses, except for donations and bequests, which in most cases, due to the inability to predict recoverability, are typically accounted for on a cash basis.

New accounting standard adopted during the year

Effective April 1, 2014, the Foundation adopted Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations. The section has been applied retroactively and resulted in a \$22,600 increase in salaries and benefit expense and opening fund balance for the 2013 comparative year.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. As part of its fiduciary responsibilities, the Foundation expends funds for the purpose in which they were given.

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

For financial reporting purposes, the accounts have been classified as follows:

- General Fund

The General Fund accounts for the Foundation's general fundraising, granting and administrative activities. This fund reports unrestricted resources available for immediate purposes.

- Restricted Fund

The Restricted Fund reports expendable resources that are to be used for specific purposes as specified by the donor or by internal restrictions in support of a specific fundraising appeal or priority of the Hospital.

- Endowment Fund

The Endowment Fund reports resources where either the donor or internal restrictions require that the principal must be maintained by the Foundation on a permanent basis.

Cash and cash equivalents

Cash consists of cash and highly liquid investments that are readily convertible into known amounts of cash.

Financial instruments

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

Cash	fair value
HST receivables	amortized cost
Other receivables	amortized cost
Short-term investments	fair value
Long-term investments	fair value
Accounts payable and accrued liabilities	amortized cost

Short-term investments are valued based on cost plus accrued income, which approximates fair value. Equity instruments are pooled and measured at fair value from prices quoted in an active market. Changes in fair value are separately disclosed in the statement of operations and changes in fund balances as fair value adjustment. Transaction costs are expensed as incurred.

The Foundation is exposed to market risk with regards to its long-term investment. To manage this risk, the Foundation's investment portfolio operates within the constraints of a Board approved investment policy and is monitored on a regular basis.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware and software	2 years
Equipment	5 years
Furniture	10 years

Deferred revenue and prepaid expenses

Deferred revenue represents deposits received in advance for a subsequent year's fundraising events. These amounts are recognized as income in the period in which the event occurs. Associated costs related to future fundraising events are presented as prepaid expenses. These costs are expensed once the event has been held.

Pension plan and employee future benefits

- Multi-employer plan

Employees of the Foundation are members of the Healthcare of Ontario Pension Plan (HOOPP), which is a multi-employer contributory defined benefit pension plan. As the Foundation has insufficient information to apply defined benefit plan accounting, it is accounted for as a defined contribution plan. HOOPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death.

- Employee future benefits

The Foundation has an obligation to provide non-pension post-employment benefits to certain employees. The Foundation accrues its obligations under employee future benefit plans and the related costs when the benefits are earned through current service.

The cost of post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimates of retirement ages of employees, expected health care costs and dental costs.

Actuarial gains and losses arise when the accrued benefit obligations change during the year. The actuarial gains and losses are recorded in net assets.

Revenue recognition

Contributions represented by donations and bequests are recognized as income in the year received or receivable, if the amounts can be reasonably estimated and collection is reasonably assured.

Special event income such as donations, sponsorship fees, table and ticket sales is recorded as income in the year in which the event occurs together with any associated costs. Pledges are not recorded in these financial

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

statements as they are not legally enforceable claims. Income from parking operations is recognized on an accrual basis when services are provided. Donations-in-kind are recorded at fair value when received. Investment income is recorded as earned.

Expense allocation

Expenses are initially paid out of the Foundation's General Fund. Expenses are allocated across all eligible restricted funds that benefit from the expenses. Wherever practical, direct expenses are allocated to eligible restricted funds. Indirect expenses, such as salaries and benefits, are allocated based on time spent.

Contributed materials and services

Volunteers contribute a significant amount of their time each year. Due to the difficulty in determining the fair value, contributed services are not recognized in the financial statements. Contributed materials are recorded, when received, at their fair value.

Gifts of securities

Gifts of securities are valued at fair value on the day the Foundation receives the securities. Any gains or losses arising from timing differences from the receipt and subsequent sale of securities are immediately recognized by the Foundation in the statement of operations and changes in fund balances.

Use of estimates

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 income and expenses. These estimates are reviewed periodically and as adjustments become necessary they are reported in income in the period in which they become known. Actual results could differ from those estimates.

2 Short-term investments

Breakdown of net short-term investment income (general and restricted) is as follows:

	2015 \$	2014 \$
Gross investment income	604,104	392,328
Management fee expense	(20,541)	(21,926)
	<u>583,563</u>	<u>370,402</u>

Gross investment income comprises interest, dividends and realized gains or losses on investments. Management fees relate to selling donated shares of public companies.

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

3 Capital assets

			2015	2014
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Computer hardware	1,127	1,127	-	141
Computer software	19,873	11,415	8,458	9,311
Equipment	191,921	180,385	11,536	28,182
Furniture	132,373	51,658	80,715	93,952
	345,294	244,585	100,709	131,586

During the year, \$7,574 (2014 - \$11,173) of additions was purchased and capitalized.

4 Long-term investments

Investments consist of the following amounts held in units of various pooled funds, calculated on a unit basis and managed by external investment managers.

General long-term investments

	2015	2014
	\$	\$
Cash and cash equivalents	13,105	226
Fixed income	790,239	-
Canadian equities	735,453	1,592,238
US equities	282,471	359,298
International equities	275,143	-
	2,096,411	1,951,762

Endowment long-term investments

	2015	2014
	\$	\$
Cash and cash equivalents	176,943	1,011,586
Fixed income	6,567,503	5,072,111
Canadian equities	6,047,199	5,889,992
US equities	2,361,716	2,399,676
International equities	2,231,739	2,003,318
	17,385,100	16,376,683

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

The long-term investment portfolios are managed in accordance with the Foundation's Board approved Endowment and Investment policies. Fair value changes on these investments are separately disclosed in the statement of operations and changes in fund balances as fair value adjustments. As of November 1, 2014, the Foundation's long-term investments are managed by a single investment fund manager.

Breakdown of net long-term investment income is as follows:

	2015 \$	2014 \$
Gross investment income	1,174,269	689,808
Management fee expense	(82,518)	(78,932)
	<u>1,091,751</u>	<u>610,876</u>

5 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities balances comprise amounts owed to the Hospital to process the Foundation's payroll, disbursement and miscellaneous amounts owed to external vendors at the end of the reporting period.

	2015 \$	2014 \$
Salaries and benefits payable to Trillium Health Partners	942,630	634,920
Disbursement payable to Trillium Health Partners	97,233	-
Accounts payable and accrued liabilities	23,142	85,011
	<u>1,063,005</u>	<u>719,931</u>

6 Related party transactions

a) Board of directors

The Foundation's Board of Directors donate their time while serving on the Board and Board Committees. No remuneration was paid to Board Members during the year.

b) Trillium Health Partners

- i) Trillium Health Partners (the Hospital) is a Canadian public hospital and an independent corporation, which has its own Board of Directors. The Foundation receives, accumulates and distributes funds and/or income for charitable purposes carried on for the benefit of or to enhance or improve the services provided by or the facilities of the Hospital. During the year, the Foundation disbursed \$7,802,445 (2014 - \$2,417,211) for the revitalization and redevelopment of patient care spaces, equipment and technology replacement as well as research and educational activities in support of the Hospital.

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

- ii) The Hospital provides the Foundation with office space information technology, (IT) support and payroll administration services at no cost. Salaries, benefits and certain miscellaneous expenses are paid by the Hospital and are reimbursed by the Foundation. During the year, reimbursements made by the Foundation for salaries and wages were \$3,418,630 (2014 - \$3,464,532).
- iii) On May 1, 2003, the legacy Credit Valley Hospital Foundation leased parking facilities from Trillium Health Partners. During the year, the lease payments were \$595,000. Effective November 1, 2014, the Hospital and the Foundation terminated the lease.

On January 1, 2010, the legacy Trillium Health Centre Foundation leased parking facilities from Trillium Health Partners. During the year, the lease payments were \$700,000. Effective November 1, 2014, the Hospital and the Foundation terminated the lease.

Additionally, the legacy foundations entered into management agreements with Trillium Health Partners whereby the Hospital was appointed manager of the parking facility. Effective November 1, 2014, the Hospital and the Foundation terminated these agreements.

Details of the net parking income are as follows:

	2015 \$	2014 \$
Gross income from parking operations	9,754,926	16,690,162
Contingent HST liabilities	(140,464)	(377,186)
Parking operations management fees paid to the Hospital	(7,264,068)	(12,422,307)
Parking lot rent paid to the Hospital	(1,295,000)	(2,220,000)
	<u>1,055,394</u>	<u>1,670,669</u>

- iv) During the year, \$265,200 (2014 - \$750,868) was donated by the Credit Valley Volunteer Partners, a division within the Trillium Health Partners, and is separately recorded as other donation income in the statement of operations and changes in fund balances.

7 Expense allocation

During the year, \$2,055,764 of salaries and benefits, fundraising and administrative expenses (2014 - \$2,912,273) was allocated from the General Fund to the Restricted Fund in accordance with the Foundation's expense allocation policy.

8 Pension plan

Employer contributions made to the plan during the year amounted to \$291,793 (2014 - \$268,012) and have been recorded in salaries and benefits expense in the statement of operations and changes in fund balances.

Trillium Health Partners Foundation

Notes to Financial Statements

March 31, 2015

9 Transfers between funds

During the year, the Foundation transferred \$440,630 (2014 - \$nil) between funds. This comprises:

	Restricted Fund \$	Endowment Fund \$
Transfer of annual net investment income on endowed funds	490,630	(490,630)
Other transfer to reflect donor direction	(50,000)	50,000
	<u>440,630</u>	<u>(440,630)</u>

10 Commitments

The Foundation also has entered into two IT maintenance service agreements, one which expires on March 31, 2017 and the second on November 30, 2017. The minimum payments for these agreements for the next three years are as follows:

	\$
2016	39,168
2017	67,928
2018	67,928
	<u>175,024</u>