

# **Financial Statements**

## **Associated Medical Services Incorporated**

Toronto, Ontario

*December 31, 2021*

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## **Independent Auditors' Report**

### **To the Members of Associated Medical Services Incorporated:**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Associated Medical Services Incorporated, which comprise the statement of financial position as at December 31, 2021 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Associated Medical Services Incorporated as at December 31, 2021, and the results of its operations and 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Associated Medical Services Incorporated 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 Associated Medical Services Incorporated'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Associated Medical Services Incorporated's financial reporting process.

## **Independent Auditors' Report - continued**

### **Auditors' 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 auditors' 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 Associated Medical Services Incorporated'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 Associated Medical Services Incorporated's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

## **Independent Auditors' Report - continued**

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.

Toronto, Ontario  
April 25, 2022

A handwritten signature in cursive script that reads "PricewaterhouseCoopers". The signature is written in black ink and is positioned to the right of the date.

Chartered Professional Accountants, Licensed Public Accountants

## Associated Medical Services Incorporated

December 31, 2021

<b>Statement of Financial Position - Assets</b>	2021	2020
<b>Current Assets</b>		
Cash	\$ 55,213	\$ 88,016
Temporary investments, Note 4	70,416,477	63,725,952
HST receivable	107,316	57,425
Prepaid expenses	9,505	18,168
<b>Total Current</b>	70,588,511	63,889,561
<b>Capital Assets</b> , Note 5	3,740	4,818
	70,592,251	63,894,379

## Statement of Financial Position - Liabilities and Net

### Assets

<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	300,770	188,234
<b>Net Assets</b> , per statement	70,291,481	63,706,145
	70,592,251	63,894,379

### Approved by The Board

Board Chair: Nick Busing

Finance Chair: William McDonnell

The notes on pages 11 through 16 form an integral part of these financial statements.

**Associated Medical Services Incorporated**

*Year ended December 31, 2021*

<b>Statement of Changes in Net Assets</b>	2021	2020
Balance beginning	\$ 63,706,145	\$ 60,272,302
Add		
Surplus	6,585,336	3,433,843
<b><i>Balance December 31</i></b>	<b>70,291,481</b>	<b>63,706,145</b>

## Associated Medical Services Incorporated

Year ended December 31, 2021

<b>Statement of Operations</b>	2021	2020
<b>Revenues</b>		
Interest	\$ 190,809	\$ 272,913
Gain on disposal of investments	2,950,652	992,504
Distributions from pooled funds	1,963,101	1,102,957
Fair value increase	4,725,962	3,874,724
<b>Total Revenues</b>	<b>9,830,524</b>	<b>6,243,098</b>
<b>Expenses</b>		
Charitable expenses, per schedule	2,957,743	2,556,046
Investment management fees	238,670	214,186
Audit and accounting fees	40,896	37,613
Amortization	1,079	1,410
Legal	6,800	0
<b>Total Expenses</b>	<b>3,245,188</b>	<b>2,809,255</b>
<b>Surplus</b>	<b>6,585,336</b>	<b>3,433,843</b>

## Associated Medical Services Incorporated

Year ended December 31, 2021

<b>Schedule of Charitable Expenses</b>	2021	2020
History of Medicine Programs	\$ 550,007	\$ 519,002
AMS Phoenix Project	655,288	392,608
Compassion in Artificial Intelligence	1,196,216	1,100,157
	<u>2,401,511</u>	<u>2,011,767</u>
Administration		
Meetings, board and committees	5,432	3,899
Miscellaneous	1,698	2,907
Furniture and equipment	0	178
Stationery, supplies and printing	2,100	1,643
Postage and courier	132	220
Telecommunications	8,785	9,586
Travel	(1,455)	3,506
Insurance	10,753	9,815
Occupancy costs	70,823	72,467
Administration - finance and grants	411,892	393,784
HST	46,072	46,274
	<u>556,232</u>	<u>544,279</u>
	<u>2,957,743</u>	<u>2,556,046</u>

## Associated Medical Services Incorporated

*Year ended December 31, 2021*

<b>Statement of Cash Flows</b>	2021	2020
<b>Operating Activities</b>		
Surplus	\$ 6,585,336	\$ 3,433,843
Non-cash items		
Fair value increase	(4,725,962)	(3,874,724)
Gain on disposal of investments	(2,950,652)	(992,504)
Amortization of capital assets	1,079	1,410
	<u>(1,090,199)</u>	<u>(1,431,975)</u>
Net change in non-cash working capital	<u>71,305</u>	<u>83,121</u>
<b><i>Cash Used In Operating Activities</i></b>	<u>.....(1,018,894).....</u>	<u>.....(1,348,854).....</u>
<b>Investing Activities</b>		
Purchase of investments	(2,153,909)	(1,375,869)
Proceeds on sale of investments	3,140,000	2,765,000
	<u>986,091</u>	<u>1,389,131</u>
<b><i>Cash Provided By Investing Activities</i></b>	<u>.....986,091.....</u>	<u>.....1,389,131.....</u>
Net cash increase (decrease) during the year	(32,803)	40,277
Cash position beginning of year	88,016	47,739
<b><i>Cash Position End of Year</i></b>	<u>55,213</u>	<u>88,016</u>

**Notes to Financial Statements**

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**Note 1                    Status and Nature of Activities**

Associated Medical Services Incorporated is a Canadian charitable organization and was incorporated without share capital under the Companies Act of Ontario by Letters Patent dated April 9, 1937. The Corporation's function is dedicated to facilitate education, research and other initiatives which promote the development and understanding of those human and social values that are fundamental to health. The Corporation is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

**Note 2                    Significant Accounting Policies**

**Basis of Accounting**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and bank balances, including bank overdrafts with balances that fluctuate periodically from being positive to overdrawn, investments in money market instruments and term deposits with a maturity period of three months or less from the date of acquisition.

**Revenue Recognition**

For interest and dividends, if it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be measured reliably, revenue is recognized as follows:

- Interest: on a time proportion basis;
- Dividends: when the shareholder's right to receive payment is established.

Gains and losses on the disposal of investments are recognized at the date of disposal.

**Use of Estimates**

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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**Note 2      Summary of Accounting Policies - continued**

**Capital Assets**

Capital assets are recorded at cost. Repairs and maintenance are charged against income as incurred. Expenditures which extend the estimated life of property and equipment are capitalized. When property and equipment assets no longer have any long-term service potential to the Corporation, the excess of its net carrying amount over any residual value will be recognized as an expense in the statement of operations. Such impairment write-downs are not reversed.

Amortization is provided on property and equipment, at rates designed to charge the cost of the assets over their estimated useful lives, as follows:

- Furniture and fixtures                      - 20% declining balance
- Computer equipment                         - 30-100% declining balance

**Financial Instruments**

*Measurement of financial instruments*

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and investments in bonds.

Financial liabilities measured at amortized cost include accounts payable.

The Corporation's financial assets measured at fair value include quoted shares.

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

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**Note 2            Summary of Accounting Policies - continued**

**Allocation of Functional Expenses**

The costs of providing the Corporation's various programs and supporting services have been summarized on a functional basis in the Schedule of Charitable Expenses. At times certain costs classified under the administrative function are allocated among the programs and supporting services benefitted. These costs are allocated on a systematic and appropriate basis consistently each year generally with reference to labour hours used, physical space occupied or proportionally on program costs.

**Note 3            Financial Instruments**

*Risks and concentrations*

The Corporation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Corporation's risk exposure at December 31, 2021:

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Corporation manages its liquidity risk by continuously monitoring and forecasting cash flows.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risks relate to its cash, accounts receivable and periodic grants receivable from various reputable institutions.

*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is mainly exposed to currency risk and interest rate risk.

*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. A portion of the Corporation's pooled investment funds include equity shares traded or denominated in US dollars. Consequently, some assets are exposed to foreign exchange fluctuations.

## Associated Medical Services Incorporated

December 31, 2021

### Note 3 **Financial Instruments - continued**

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Corporation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

#### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its investments in quoted shares.

### Note 4 **Temporary Investments**

	2021	2020
Broker's cash account	\$ 87,423	\$ 76,560
Fiera Short Term Investment Fund	1,774,351	442,712
Fiera Global Equity Fund	10,862,568	13,556,250
FMV adjustment - Fiera Global Equity Fund	11,540,010	9,060,018
Fiera Real Estate Core Fund	6,377,936	6,064,718
FMV adjustment - Fiera Real Estate Core Fund	1,536,534	578,750
Fiera Infrastructure Fund	5,530,789	5,347,086
FMV adjustment - Fiera Infrastructure Fund	1,223,193	1,128,455
ACM Commercial Mortgage Fund	1,840,240	1,777,361
FMV adjustment - ACM Commercial Mortgage Fund	(36,302)	(24,255)
Fiera Canadian Equity Core Fund	11,009,337	11,042,589
FMV adjustment - Fiera Canadian Equity Core Fund	2,242,536	323,099
Fiera ASFI - Active Canadian Bonds Universe Fund	10,662,196	9,306,127
FMV adjustment - Fiera ASFI - Active Canadian Bonds Universe Fund	(155,519)	392,007
Fiera Integrated Fixed Income Fund	5,987,591	4,554,599
FMV adjustment - Fiera Integrated Fixed Income Fund	(66,406)	99,876
	70,416,477	63,725,952

## Associated Medical Services Incorporated

*December 31, 2021*

### Note 5      Capital Assets

	Cost	Accumulated Amortization	Net 2021	Net 2020
Furniture and equipment	\$ 77,963	\$ (75,028)	\$ 2,935	\$ 3,668
Computer equipment	126,289	(125,484)	805	1,150
	204,252	(200,512)	3,740	4,818

### Note 6      Commitment

The Corporation is committed under a real property lease agreement for its office premises with future minimum annual payment requirements as follows:

2022	\$ 89,728
2023	94,450
2024	100,117
2025	102,006
2026	102,006
2027	25,502

In addition, the Corporation is charged an annually adjusted estimate for property taxes and maintenance. For 2022, the amount is estimated at \$82,965. All amounts are exclusive of HST.

### Note 7      Contractual Obligations

- (a) The Corporation has a contract with Paech Results Inc. for Chief Executive Officer services. The contract is for a 3 year term from July 1, 2019 to June 30, 2022 unless terminated by either party in accordance with the provisions for termination. The potential cost inclusive of taxes for the period January 1, 2022 to June 30, 2022 is \$121,440.
- (b) The Corporation entered into a contract with WaterCooler Inc. to provide office management services. This contract is for a 1 year term from October 8, 2021 to October 7, 2022 unless terminated by either party in accordance with the provisions for termination. The potential cost inclusive of taxes for the term of the contract is \$143,470 per annum.

## Associated Medical Services Incorporated

December 31, 2021

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### **Note 7            Contractual Obligations - continued**

- (c)    The Corporation entered into a contract with J. Bennett and Associates Consulting Inc. to provide consulting services related to AMS' Phoenix Program and related activities. This contract is for a 1 year term from April 1, 2021 to March 31, 2022 unless terminated by either party in accordance with the provisions for termination. The potential cost inclusive of taxes for the term of the contract is \$167,240 per annum.

Subsequent to the year-end, the contract was renewed for the period April 1, 2022 to March 31, 2023. The potential annual cost inclusive of taxes for the contract is \$174,020 per annum.

### **Note 8            Future Uncertainty Resulting from the Pandemic**

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The Corporation's investment portfolio, return on investments and future cash flows may be negatively impacted. It is not possible to estimate the actual financial effects at this time.