

Humber River Health Foundation
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Humber River Health Foundation

Opinion

We have audited the financial statements of Humber River Health Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in fund balances, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2024, and its financial performance 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. 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 24, 2024

Humber River Health Foundation
Statement of Financial Position

March 31	2024	2023
Assets		
Cash and cash equivalents (Note 2)	\$ 4,044,082	\$ 1,155,550
Investments (Note 3)	11,110,965	11,118,532
Amount receivable	139,559	132,570
Prepaid expenses	272,402	119,590
Amount receivable – other (Note 4)	706,786	693,133
Capital assets (Note 5)	157,050	160,736
	\$ 16,430,844	\$ 13,380,111

Liabilities and Fund Balances

Liabilities		
Accounts payable and accrued liabilities	\$ 607,706	\$ 492,577
Due to Humber River Health (Note 6)	53,474	60,053
Deferred revenue	458,967	125,300
	1,120,147	677,930
Fund balances		
General fund (Note 7)		
Unrestricted	5,606,606	5,169,307
Invested in capital assets	157,050	160,736
	5,763,656	5,330,043
Restricted funds (Note 8)		
Board designated	542,936	520,167
Other donor restricted	9,004,105	6,851,971
	9,547,041	7,372,138
	15,310,697	12,702,181
	\$ 16,430,844	\$ 13,380,111

On behalf of the Board:

“Signed by Luigi De Rose, Chair of Finance Committee”

“Signed by Nick Simone, Chair of the Board”

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

Humber River Health Foundation Statement of Operations and Changes in Fund Balances

For the year ended March 31

	General Fund		Restricted Funds		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Donations	\$ 3,887,911	\$ 4,743,929	\$ 6,433,068	\$ 3,655,035	\$ 10,320,979	\$ 8,398,964
Investment income (Note 3)	626,202	429,876	19,139	20,494	645,341	450,370
Special events	1,458,151	1,781,418	-	-	1,458,151	1,781,418
	5,972,264	6,955,223	6,452,207	3,675,529	12,424,471	10,630,752
Expenses						
Salaries and benefits	2,533,242	2,424,817	-	-	2,533,242	2,424,817
Fundraising and promotion	952,741	922,116	-	-	952,741	922,116
Special events	573,804	415,189	-	-	573,804	415,189
Administration and general	263,825	268,659	-	-	263,825	268,659
Investment management fees	44,860	43,656	-	-	44,860	43,656
Amortization	22,687	18,644	-	-	22,687	18,644
	4,391,159	4,093,081	-	-	4,391,159	4,093,081
Excess of revenues over expenses before other items	1,581,105	2,862,142	6,452,207	3,675,529	8,033,312	6,537,671
Other items						
Unrealized income (loss) on investments	458,213	(206,196)	14,004	(9,830)	472,217	(216,026)
Increase in fair market value of insurance policy (Note 4)	11,664	32,119	-	-	11,664	32,119
Premiums paid to insurance policy (Note 4)	(55,062)	(32,119)	-	-	(55,062)	(32,119)
Excess of revenues over expenses before gifts to Humber River Health and Al Palladini Education Fund	1,995,920	2,655,946	6,466,211	3,665,699	8,462,131	6,321,645
Al Palladini Scholarship Fund	-	-	(3,000)	(9,450)	(3,000)	(9,450)
Gifts to Humber River Health (Note 6)	(1,562,307)	(2,067,843)	(4,288,308)	(3,959,375)	(5,850,615)	(6,027,218)
Excess (deficiency) of revenues over expenses for the year	433,613	588,103	2,174,903	(303,126)	2,608,516	284,977
Fund balances, beginning of year	5,330,043	4,741,940	7,372,138	7,675,264	12,702,181	12,417,204
Fund balances, end of year	\$ 5,763,656	\$ 5,330,043	\$ 9,547,041	\$ 7,372,138	\$ 15,310,697	\$ 12,702,181

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

Humber River Health Foundation Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses before gifts to Humber River Health and Al Palladini Education Fund	\$ 8,462,131	\$ 6,321,645
Adjustments required to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization of capital assets	22,687	18,644
Unrealized (income) loss on investments	(472,217)	216,026
Unrealized loss on life insurance policies (Note 4)	43,398	-
Changes in non-cash working capital balances		
Amount receivable	(6,989)	(42,415)
Amount receivable - other (Note 4)	(57,051)	(693,133)
Prepaid expenses	(152,812)	28,297
Accounts payable and accrued liabilities	115,129	28,521
Deferred revenue	333,667	(333,082)
Due to Humber River Health	(6,579)	31,729
	8,281,364	5,576,232
Financing and investing activities		
Purchase of capital assets	(19,001)	(34,930)
Investments, net	479,784	(846,876)
Gifts to Humber River Health	(5,850,615)	(6,027,218)
Al Palladini Scholarship Fund	(3,000)	(9,450)
	(5,392,832)	(6,918,474)
Increase (decrease) in cash and cash equivalents during the year	2,888,532	(1,342,242)
Cash and cash equivalents, beginning of year	1,155,550	2,497,792
Cash and cash equivalents, end of year	\$ 4,044,082	\$ 1,155,550

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

Humber River Health Foundation

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature of Organization

Humber River Health Foundation was incorporated under the Corporations Act (Ontario) as a corporation without share capital and was established to receive, maintain, invest and administer funds and apply them for charitable purposes associated with or related to the use, operation, maintenance, renovation and equipment of Humber River Health (the "Hospital") and other charitable purposes. The Foundation changed its name from Humber River Hospital Foundation to Humber River Health Foundation effective June 5, 2023.

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. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Use of Estimates

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Fund Accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board"). Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. The interfund transfers are recorded as a component of changes in fund balances.

Humber River Health Foundation

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Fund Accounting (continued)

For financial reporting purposes, the Foundation's funds have been classified as follows:

General Fund

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

Restricted Funds

Board designated – Board designated funds represent amounts that have been restricted for specific purposes by the Board and are not available for use without its approval.

Other donor restricted - These funds are externally restricted based on the designation of the donor and may only be spent in the manner consistent with the donor's wishes.

Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Donations, including gifts in kind, are recognized as revenue in the year in which they are received. Special events revenue is recognized when the event takes place, amounts can be reasonably estimated and collection is reasonably assured. Revenue for special events held after year end including the Gala, GranFondo and Awesome Golf Tournament which are received before year end are included in deferred revenue.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash, bank balances and Guaranteed Investment Certificates.

Investments and Investment Income

Investments consist of investment funds and are carried in the financial statements at fair value based on quoted market values. The Foundation has adopted an investment policy that outlines the various investments that can be included in the portfolio.

Investment income is recognized as revenue on an accrual basis and has been allocated to Restricted funds, as required by the gift agreement, based on their share of the investments held during the year. The balance remains in the General fund. Investment income includes interest and realized gains and losses on financial assets. Unrealized gains and losses on financial assets are reported after excess and deficiency of revenues over expenses before other items.

Humber River Health Foundation

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (continued)

Contributed Services

The Foundation derives a significant benefit from members acting as volunteers and directors. Since these services are not normally purchased by the Foundation and because of the difficulty in determining fair value, contributed services are not recognized in these financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Furniture and fixtures	- straight-line basis over five to twenty years
Computer equipment	- straight-line basis over three years
Computer software	- straight-line basis over five years
Office equipment	- straight-line basis over five years

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost, less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Cash and Cash Equivalents

	2024	2023
Cash	\$ 3,501,146	\$ 635,383
Guaranteed Investment Certificates – Al Palladini Education Fund	542,936	520,167
	\$ 4,044,082	\$ 1,155,550

Guaranteed investment certificates earn interest at 5.45% (2023 – 4.90%), maturing April 2024 (2023 – April 2023).

Humber River Health Foundation Notes to Financial Statements

March 31, 2024

3. Investments

	2024	2023
Fixed income	\$ 7,455,363	\$ 8,296,450
Hedge strategies	512,281	406,215
Canadian equity	1,116,218	945,129
Global equity	2,027,103	1,470,738
	\$ 11,110,965	\$ 11,118,532

4. Amount Receivable – Other

Included in amount receivable – other is a donated insurance policy which has been recorded at fair market value.

5. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 352,432	\$ 231,759	\$ 352,432	\$ 222,759
Computer equipment	83,969	61,313	79,939	48,876
Computer software	72,732	67,136	66,626	66,626
Office equipment	20,906	12,781	12,041	12,041
	\$ 530,039	\$ 372,989	\$ 511,038	\$ 350,302
Net book value		\$ 157,050		\$ 160,736

6. Due to Humber River Health

During the year ended March 31, 2024, the Foundation had several transactions with Humber River Health, previously named Humber River Hospital. These transactions are in the normal course of operations and include reimbursements of funds disbursed on the Foundation's behalf. These amounts are repaid on a cost recovery basis. The balance due to the Humber River Health is non-interest bearing, unsecured and is due in the next fiscal year.

The Foundation also paid \$25,000 (2023 - \$25,000) in administration fees to the Hospital. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

During the year, the Foundation donated \$5,850,615 (2023 - \$6,027,218) to the Hospital.

Humber River Health Foundation
Notes to Financial Statements

March 31, 2024

7. General Fund

The changes in the components of the General fund during the year are as follows:

	Invested in Capital Assets	Unrestricted	Total
Balance, April 1, 2023	\$ 160,736	\$ 5,169,307	\$ 5,330,043
Excess of revenues over expenses before			
gifts to Humber River Health	-	1,995,920	1,995,920
Additional investment in Capital Assets	19,001	(19,001)	-
Amortization	(22,687)	22,687	-
Gifts to Humber River Health	-	(1,562,307)	(1,562,307)
Balance, March 31, 2024	\$ 157,050	\$ 5,606,606	\$ 5,763,656

	Invested in Capital Assets	Unrestricted	Total
Balance, April 1, 2022	\$ 144,450	\$ 4,597,490	\$ 4,741,940
Excess of revenues over expenses before			
gifts to Humber River Health	-	2,655,946	2,655,946
Additional investment in Capital Assets	34,930	(34,930)	-
Amortization	(18,644)	18,644	-
Gifts to Humber River Health	-	(2,067,843)	(2,067,843)
Balance, March 31, 2023	\$ 160,736	\$ 5,169,307	\$ 5,330,043

Humber River Health Foundation Notes to Financial Statements

March 31, 2024

8. Restricted Funds

The changes in the components of the Restricted funds during the year are as follows:

	Board Designated	Other Donor Restricted	Total
Balance , April 1, 2023	\$ 520,167	\$ 6,851,971	\$ 7,372,138
Excess of revenues over expenses	25,769	6,440,442	6,466,211
Gifts to Humber River Health	-	(4,288,308)	(4,288,308)
Al Palladini Scholarship fund	(3,000)	-	(3,000)
Balance , March 31, 2024	\$ 542,936	\$ 9,004,105	\$ 9,547,041

	Board Designated	Other Donor Restricted	Total
Balance, April 1, 2022	\$ 516,953	\$ 7,158,311	\$ 7,675,264
Excess of revenues over expenses	12,664	3,653,035	3,665,699
Gifts to Humber River Health	-	(3,959,375)	(3,959,375)
Al Palladini Scholarship fund	(9,450)	-	(9,450)
Balance, March 31, 2023	\$ 520,167	\$ 6,851,971	\$ 7,372,138

Board Designated

In fiscal 2002, the Board designated \$500,000 from the General fund for the specific purpose of establishing the Al Palladini Education Fund. As at March 31, 2024, the balance of this fund is \$542,936 (2023 - \$520,167).

Other Donor Restricted

Effective January 1, 2021, in accordance with Board approved policies, the Foundation allocated a maximum of 12% of eligible restricted donations received from Other Donor Restricted to the General Fund. During the year the amount allocated was \$706,123 (2023 - \$406,185).

Humber River Health Foundation

Notes to Financial Statements

March 31, 2024

9. Financial Instruments

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 Foundation is exposed to credit risk through its investments, accounts receivable, amounts receivable - other and prepaid expenses.

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to this risk through its interest-bearing investments (Note 3).

Market Risk

The Foundation is subject to market risk with respect to its investments. The values of these investments will fluctuate as a result of changes in market prices, interest rates or other factors affecting the value of the investments (Note 3).

Foreign Exchange Risk

The Foundation has equity investments in foreign currency which account for approximately 18% (2023 - 13%) of the total investment portfolio. This gives rise to the risk that results of operations and cash flows may be adversely impacted by exchange rate fluctuations. The Foundation does not currently hedge this risk.

There have not been any changes in the risks from the prior year.

10. Commitments

As at March 31, 2024, the Foundation was committed under operating leases for the use of equipment. The minimum annual lease payments for the next three years are as follows:

2025	\$ 2,208
2026	2,208
2027	<u>552</u>
	<u>\$ 4,968</u>