

South Muskoka Hospital Foundation
Financial Statements
March 31, 2025

South Muskoka Hospital Foundation
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For the year ended March 31, 2025

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To the Board of Directors of South Muskoka Hospital Foundation:

Qualified Opinion

We have audited the financial statements of South Muskoka Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2025, 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to these revenues, the excess of revenue over expenditures, net assets and cash flows for the year ended March 31, 2025.

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 qualified opinion.

Other Matter

The financial statement for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 5, 2024.

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 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 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.

Sudbury, Ontario

June 24, 2025

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

South Muskoka Hospital Foundation

Statement of Financial Position

As at March 31, 2025

	2025	2024
Assets		
Current		
Cash	6,205,406	3,648,420
Accounts receivable (Note 3)	19,985	12,818
Short-term investments (Note 4)	1,113,625	1,071,577
	7,339,016	4,732,815
Long-term investments (Note 5)	679,849	646,444
Cash surrender value of life insurance (Note 6)	19,454	2,727
	8,038,319	5,381,986
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	64,768	54,775
Commitment (Note 8)		
Net Assets		
General fund - unrestricted	6,943,551	5,297,211
Externally restricted - Capital redevelopment fund - Bracebridge build (Note 9)	30,000	30,000
Internally restricted - Capital redevelopment fund (Note 9)	1,000,000	-
	7,973,551	5,327,211
	8,038,319	5,381,986

Approved on behalf of the Board

e-Signed by Dan Brooks

2025-06-24 14:01:40:40 EDT

Director

e-Signed by Christine Larkin

2025-06-24 14:34:51:51 EDT

Director

The accompanying notes are an integral part of these financial statements

South Muskoka Hospital Foundation

Statement of Operations

For the year ended March 31, 2025

	2025	2024
Revenue		
Donations		
Individuals	1,609,398	1,256,410
Estates	827,062	216,423
Special projects	406,799	188,152
Corporations	235,100	239,319
Foundations	206,613	222,534
In Memoriam	54,832	76,995
Community organizations	18,437	54,941
	3,358,241	2,254,774
Other income		
Investment income	251,681	210,238
Other	7,790	-
	3,617,712	2,465,012
Expenses		
Salaries and benefits (Note 10)	464,041	412,682
Professional fees	74,414	8,450
Office and general	55,003	78,315
Fundraising	45,494	51,711
Planned giving (Note 6)	30,151	30,151
Advertising	27,479	17,523
Bank charges and interest	15,992	17,082
Professional development	6,977	4,848
Travel	1,759	-
	721,310	620,762
Excess of revenue over expenses before other items	2,896,402	1,844,250
Other items		
Disbursements to Muskoka Algonquin Health Care (MAHC) (Note 11), (Note 12)	(266,789)	(774,450)
Change in cash surrender value of life insurance (Note 6)	16,727	-
	(250,062)	(774,450)
Excess of revenue over expenses	2,646,340	1,069,800

The accompanying notes are an integral part of these financial statements

South Muskoka Hospital Foundation
Statement of Changes in Net Assets
For the year ended March 31, 2025

	<i>General fund - unrestricted</i>	<i>Externally restricted</i>	<i>Internally restricted</i>	<i>2025</i>	<i>2024</i>
Net assets, beginning of year	5,297,211	30,000	-	5,327,211	4,257,411
Excess of revenue over expenses	2,646,340	-	-	2,646,340	1,069,800
Transfer to internally restricted	(1,000,000)	-	1,000,000	-	-
Net assets, end of year	6,943,551	30,000	1,000,000	7,973,551	5,327,211

The accompanying notes are an integral part of these financial statements

South Muskoka Hospital Foundation
Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	2,646,340	1,069,800
Changes in working capital accounts		
Accounts receivable	(7,167)	(3,604)
Investments	(75,453)	(74,764)
Accounts payable and accrued liabilities	9,993	(13,443)
	2,573,713	977,989
Investing		
Increase in cash surrender value of life insurance	(16,727)	-
Increase in cash resources	2,556,986	977,989
Cash resources, beginning of year	3,648,420	2,670,431
Cash resources, end of year	6,205,406	3,648,420

The accompanying notes are an integral part of these financial statements

South Muskoka Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2025

1. Incorporation and nature of the organization

South Muskoka Hospital Foundation (the "Foundation") was incorporated without share capital and is a registered charity and thus is exempt from income taxes under section 149(1) of the Income Tax Act.

The Foundation is involved in raising funds for the benefit of the the Muskoka Algonquin Healthcare - South Muskoka Memorial Hospital site and/or persons or associations in the health care field in the community. The Foundation is to be carried on without pecuniary gain to its members and any profits or other accretions are to be used in promoting its objectives.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Donations are recognized as revenue when received.

Unrestricted investment income is recognized as revenue when earned.

Other income is recognized as revenue when earned.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accrued liabilities are estimated based on the anticipated charges for unbilled goods and services at year-end.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the year in which they become known.

Contributed materials and services

The Foundation relies on volunteers to assist in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if the fair value can be reasonably estimated.

Investments

Investments are recorded at fair value.

South Muskoka Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2025

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has made such an election during the year. Investments have been designated to be subsequently measured at their fair value. Fair value is determined by investment statements.

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc.. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

Employee future benefits

The Foundation's employee future benefit program consists of a multi-employer defined benefit plan. The expense related to the multi-employer defined benefit pension plan are the employer's contributions to the plan in the year.

Customer's accounting for cloud computing arrangement

The Foundation has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Foundation recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred. In the current year, expenses of \$20,402 have been recognized in office and general.

South Muskoka Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2025

3. Accounts receivable

	2025	2024
Accounts receivable	648	-
Harmonized Sales Tax rebate	19,337	12,818
	<u>19,985</u>	<u>12,818</u>

4. Short-term investments

	2025	2024
Mutual funds	250	241
GIC bearing interest at 3.4%, maturing September 2025 (2024 - GIC bearing interest at 4.5%, matured September 2024)	1,113,375	1,071,336
	<u>1,113,625</u>	<u>1,071,577</u>

5. Long-term investments

	2025	2024
GICs, bearing interest from 5.05% to 5.3%, maturing November 2026 to November 2028 (2024 - interest from 5.05% to 5.3%, maturing November 2026 to November 2028)	679,849	646,444

6. Planned giving - cash surrender value of life insurance

The Foundation is the designated beneficiary of three life insurance policies with a principal sum of \$1,100,554 being assured. The Foundation pays the annual premium of \$30,151 for the three policies. As at March 31, 2025, the cash surrender value of life insurance was \$19,454 (2024 - \$2,726).

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include government remittances payable of \$9,829 (2024 - \$19,207).

8. Commitments

The Foundation has entered into a lease agreement for a premises expiring August 2027 with estimated minimum annual payments as follows:

2026	24,000
2027	24,000
2028	10,000
	<u>58,000</u>

9. Capital redevelopment fund - Bracebridge build

\$30,000 has been externally restricted for future commitments relating to the South Muskoka Hospital rebuild.

\$1,000,000 has been internally restricted by the Board for future commitments relating to the capital rebuild.

10. Pension plan

All of the full-time employees of the Foundation are members of the Healthcare of Ontario Pension Plan ("HOOPP"), which is a multi-employer defined benefit plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination, or death that provides the highest earnings. Defined contribution plan accounting principles are applied to a multi-employer plan, whereby contributions are expensed when due, as the Foundation has insufficient information available to apply defined benefit plan accounting principles.

Contributions made to HOOPP during the year on behalf of the employees amounted to \$32,538 (2024 - \$25,421). These amounts are included in employee benefits in the statement of operations. The most recent valuation for financial reporting purposes completed by HOOPP as of December 31, 2024 disclosed net assets available for benefits of \$123 billion with a pension obligation of \$112.6 billion resulting in a surplus of \$10 billion.

11. Related party transactions

The Foundation has entered into a fundraising arrangement with the Hospital, an Association with economic interest, but not control, of the Foundation. In accordance with this arrangement, donations received by the Hospital are transferred to the Foundation for the purpose of investment and management.

During the year, the Foundation approved disbursements of \$266,789 (2024 - \$774,450) to the Hospital for specified support purposes.

12. Disbursements to Hospital

Disbursements from the Foundation to the Hospital are based on current need requests. Due to a delay in the funding requests from the Hospital, only \$266,789 was spent for the fiscal year. However, \$1 million has been set aside for the fiscal year and will be distributed when the requests are received.

13. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that a financial instrument will fluctuate because of changes in the market interest rates. The Foundation is exposed to interest rate risk through its investments.

There have been no significant changes to the interest rate risk exposure from the previous year.

14. Pledges

The Foundation receives pledges from various campaigns. Donors commit to a set amount of money to be paid over a period which can be up to seven years.

These pledges are not recognized in the financial statements since they have not yet been received.

Historically the Foundation has received over 97% of the amounts pledged.

South Muskoka Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2025

15. Capital disclosures

The Foundation considers its capital to be its fund balances, including general, restricted and endowment fund balances. These funds are maintained and disbursed under the terms of the relevant funding restrictions and management is responsible for adhering to the provisions of these restrictions.

In managing its capital, the Foundation's primary objective is to fundraise in support of the South Muskoka Memorial Hospital site in order to safeguard its ability to continue as a going concern so it can continue to fulfill its mandate. The Foundation has developed specific investment policies to maintain its capital based on the intended purpose of the funds. In addition, annual budgets are developed and monitored to ensure the capital of the Foundation is maintained at an appropriate level.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.