

**Huntsville District Memorial
Hospital Foundation
(A Corporation Without Share Capital)
Financial Statements
For the year ended March 31, 2024**

Contents

| | |
|--|--------|
| Independent Auditor's Report | 2 - 3 |
| Financial Statements | |
| Statement of Financial Position | 4 |
| Statement of Operations and Changes in Fund Balances | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 14 |

Independent Auditor's Report

**To the Board of Directors of
Huntsville District Memorial Hospital Foundation (A Corporation Without Share Capital)**

Qualified Opinion

We have audited the financial statements of Huntsville District Memorial Hospital Foundation (A Corporation Without Share Capital) (the Foundation), which comprise the statement of financial position as at March 31, 2024, 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, 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, 2024, and its results of operations 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 the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and fund balances as at April 1 and March 31 for both the 2024 and 2023, years. Our audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation in scope.

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.

Emphasis of Matter - Change in Accounting Policy and Restated Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which indicates that the Foundation has changed its method of accounting for contributions from the deferred method to the restricted fund method. As such, certain comparative information presented for the year ended March 31, 2023 has been restated to reflect the retrospective application of this change.

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2023 has been restated.

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.



agement 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Huntsville, Ontario
July 18, 2024

Huntsville District Memorial Hospital Foundation
(A Corporation Without Share Capital)
Statement of Financial Position

(Notes 2 & 3)
Restated

| March 31 | Total 2024 | Total 2023 |
|---|---------------|---------------|
| Assets | | |
| Current | | |
| Cash | \$ 595,320 | \$ 196,318 |
| Accounts receivable | 52,504 | 15,281 |
| Prepaid expenses | 10,449 | 63,120 |
| | 658,273 | 274,719 |
| Investments , at market value (Note 4) | 11,321,357 | 10,459,115 |
| Capital assets (Note 5) | 199,085 | 146,579 |
| | \$12,178,715 | \$10,880,413 |

Liabilities

| | | |
|--|--------------|--------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 34,335 | \$ 26,777 |
| Due to Muskoka Algonquin Health Care (Note 7) | 77,763 | 63,714 |
| | 112,098 | 90,491 |
| Deferred contributions related to capital assets (Note 6) | 60,020 | - |
| | 172,118 | 90,491 |
| Fund Balances | | |
| Externally restricted fund (Note 8) | 3,781,930 | 2,220,972 |
| Internally restricted fund (Note 8) | 7,565,621 | 8,243,097 |
| Unrestricted fund (Note 8) | 659,046 | 325,853 |
| | 12,006,597 | 10,789,922 |
| | \$12,178,715 | \$10,880,413 |

On behalf of the Board:

DocuSigned by:

_____ Director

_____ Director

Huntsville District Memorial Hospital Foundation
(A Corporation Without Share Capital)
Statement of Operations and Changes in Fund Balances

(Notes 2 & 3)

| For the year ended March 31 | Externally Restricted Fund | Internally Restricted Fund | Unrestricted Fund | Total 2024 | Restated Total 2023 |
|--|----------------------------------|----------------------------------|----------------------|-------------------------|---------------------------|
| Revenue | | | | | |
| Donations and fundraising | \$ 1,759,301 | \$ - | \$ 1,385,499 | \$ 3,144,800 | \$ 4,873,271 |
| Bequests | - | - | 417,781 | 417,781 | 484,637 |
| Investment income | 201,306 | 4,232 | 239,984 | 445,522 | 368,418 |
| Adjustment to fair value of investments | - | - | 367,182 | 367,182 | (451,812) |
| | <u>1,960,607</u> | <u>4,232</u> | <u>2,410,446</u> | <u>4,375,285</u> | <u>5,274,514</u> |
| Expenses | | | | | |
| Salaries and benefits | 84,000 | - | 764,908 | 848,908 | 690,364 |
| Fundraising | 315,649 | - | 159,065 | 474,714 | 400,719 |
| Administration | - | - | 235,790 | 235,790 | 182,664 |
| | <u>399,649</u> | <u>-</u> | <u>1,159,763</u> | <u>1,559,412</u> | <u>1,273,747</u> |
| Excess of revenues over expenses before grants | 1,560,958 | 4,232 | 1,250,683 | 2,815,873 | 4,000,767 |
| Grants to Muskoka Algonquin Health Care | | | | | |
| Annual | - | (269,467) | - | (269,467) | 30,274 |
| Focus On Imaging | - | - | - | - | (854,117) |
| CT Spec/Nuclear Med | - | (1,299,481) | - | (1,299,481) | (1,056,003) |
| Recruitment Fund | - | - | (20,000) | (20,000) | (5,000) |
| Scholarships | - | (2,000) | (8,250) | (10,250) | (8,250) |
| Excess (deficiency) of revenues over expenses for the year after grants | 1,560,958 | (1,566,716) | 1,222,433 | 1,216,675 | 2,107,671 |
| Fund balances, beginning of year | 2,220,972 | 8,243,097 | 325,853 | 10,789,922 | 8,682,251 |
| Transfers (Annual) | - | 944,792 | (944,792) | - | - |
| Transfers (CT Spec/Nuclear Med) | - | (56,002) | 56,002 | - | - |
| Transfers (Scholarship) | - | 450 | (450) | - | - |
| Fund balances, end of year | \$ 3,781,930 | \$ 7,565,621 | \$ 659,046 | \$12,006,597 | \$10,789,922 |

The accompanying notes are an integral part of these financial statements

Huntsville District Memorial Hospital Foundation
(A Corporation Without Share Capital)
Statement of Cash Flows

(Notes 2 & 3)
Restated
2023

For the year ended March 31

2024

Cash provided by (used in)

Operating activities

| | | |
|--|--------------|--------------|
| Excess of revenue over expenses and grants for the year | \$ 1,216,675 | \$ 2,107,671 |
| Items not involving cash | | |
| Amortization of capital assets | 12,252 | 9,898 |
| Amortization of deferred contributions related to capital assets | (2,629) | - |
| Adjustment to fair value of investments | (367,182) | 451,812 |
| | 859,116 | 2,569,381 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | (37,223) | 23,977 |
| Prepaid expenses | 52,671 | (53,178) |
| Accounts payable and accrued liabilities | 7,558 | (1,115) |
| Due to Muskoka Algonquin Health Care | 14,049 | (881,740) |
| | 896,171 | 1,657,325 |

Investing activities

| | | |
|-----------------------------|-----------|-------------|
| Purchase of capital assets | (2,109) | (11,731) |
| Purchase of investments | (795,060) | (2,414,932) |
| Withdrawal from investments | 300,000 | 650,000 |
| | (497,169) | (1,776,663) |

Increase (decrease) in cash during the year

399,002 (119,338)

Cash, beginning of year

196,318 315,656

Cash, end of year

\$ 595,320 \$ 196,318

Huntsville District Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization

The Huntsville District Memorial Hospital Foundation (the Foundation) is a not-for-profit organization incorporated without share capital under the laws of Ontario. Registration has been granted by the Department of National Revenue for designation as a charitable organization and as such, the Foundation is exempt from income taxes. The Foundation performs fundraising activities in support of health care organizations in Huntsville, Ontario.

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Cost is net of related investment tax credits and government grants. Amortization based on the estimated useful life of the asset is calculated as follows:

Building - 6% declining balance method
Furniture and equipment - 20% declining balance method

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value with any unrealized gains and losses reported in operations. In addition, all guaranteed investment certificates and 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.

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions.

For financial reporting purposes the accounts have been classified into the following funds:

The Externally Restricted fund comprises the resources that are to be used for specific purposes as specified by the donor or project funder.

The Internally Restricted fund comprises the resources that are to be used for specific purposes as specified by the Foundation's Board.

The Unrestricted fund comprises the unrestricted resources available for the Foundation's immediate operating purposes. The use of these funds is at the discretion of the Foundation's Board.

Huntsville District Memorial Hospital Foundation

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. However, if no appropriate restricted fund is presented, then the restricted contribution is recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income earned on externally restricted fund resources is recognized as revenue of the externally restricted fund. Other unrestricted net investment income is recognized as revenue of the Unrestricted fund when earned.

The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with restricted purposes are expended for the purpose for which they were provided.

Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the accrued liabilities, the fair values of financial instruments and the fair value of in-kind donations. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed Services and Materials

A substantial number of volunteers contribute a significant amount of their time to the Foundation each year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials and gifts 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 fair value can be reasonably estimated. During the year, the Foundation received "in-kind" donations in the amount of \$77,595.

Huntsville District Memorial Hospital Foundation Notes to Financial Statements

March 31, 2024

2. Change in Accounting Policy

Effective the beginning of the current year, the Foundation changed its accounting policy for fund balances and revenue recognition. Previously the Foundation used the deferral method of accounting for contributions. In the current year the Foundation adopted the restricted fund method of accounting for contributions. Management believes that this policy provides reliable and more relevant information as it results in a more transparent treatment of funds available for restricted projects. This change in accounting policy has been accounted for retrospectively and the comparative statements for the prior year have been restated. This change in accounting policy had the following effect on the financial statements:

Statement of Operations

| | |
|---|--------------|
| Decrease in donations and fundraising | \$ (323,797) |
| Decrease in excess of revenue over expenses for the year after grants | (323,797) |

Statement of financial position

| | |
|--|----------------|
| Decrease in deferred restricted contributions | \$ (2,220,972) |
| Increase in externally restricted fund balance | 2,220,972 |
| Increase in internally restricted fund balance | 1,387,614 |
| Decrease in unrestricted fund balance | (1,387,614) |

3. Correction to Comparative Figures

During the current year, the Foundation determined that some grants to Muskoka Algonquin Health Care that were accrued were not yet approved by the Foundation's Board of Directors to be funded. As a result, Due to Muskoka Algonquin Health Care was overstated at the prior year end. The result of this correction to the prior year is as follows:

Statement of Operations

| | |
|---|------------|
| Decrease in grants to Muskoka Algonquin Health Care | \$ 298,947 |
| Increase in excess of revenue over expenses for the year after grants | 298,947 |

Statement of financial position

| | |
|--|----------------|
| Decrease in due to Muskoka Algonquin Health Care | \$ (1,654,430) |
| Increase in internally restricted fund balance | 1,355,483 |
| Increase in unrestricted fund balance | 298,947 |

Huntsville District Memorial Hospital Foundation Notes to Financial Statements

March 31, 2024

4. Investments

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Fixed income | \$ 6,816,750 | \$ 6,456,298 |
| Canadian equities | 3,627,592 | 3,319,519 |
| Global equities | 699,047 | 522,655 |
| Cash and equivalents | (17,755) | (19,191) |
| Cash surrender value of life insurance | 195,723 | 179,834 |
| Aggregate fair value | \$ 11,321,357 | \$ 10,459,115 |
| Aggregate cost | \$ 10,973,620 | \$ 10,461,685 |

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

The Foundation's investments are financial assets and are measured at fair value.

The Foundation holds title to life insurance policies on the lives of donors with a face value of \$861,082 (2023 - \$861,082). The Foundation receives cash or in kind donations equivalent to the premiums on the insurance policies. The increase in cash surrender value of the policies is included in investment income for the year.

5. Capital Assets

| | 2024 | | 2023 | |
|-------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Building | \$ 239,710 | \$ 54,925 | \$ 186,242 | \$ 44,837 |
| Furniture and equipment | 25,384 | 11,084 | 14,094 | 8,920 |
| | \$ 265,094 | \$ 66,009 | \$ 200,336 | \$ 53,757 |
| Net book value | | \$ 199,085 | | \$ 146,579 |

Huntsville District Memorial Hospital Foundation Notes to Financial Statements

March 31, 2024

6. Deferred Contributions Related to Capital Assets

Deferred contributions represent the unamortized portion of capital assets donated to the Foundation. The changes for the year in the deferred contributions balance are as follows:

| | 2024 | 2023 |
|---|---------------|------|
| Balance , beginning of year | \$ - | \$ - |
| Contributions deferred for donated capital assets | 62,649 | - |
| Amortization of deferred contributions | (2,629) | - |
| | 60,020 | - |
| Balance , end of year | \$ 60,020 | \$ - |

7. Related Party Transactions

The Foundation is related to Muskoka Algonquin Health Care (MAHC). Specifically, Huntsville District Memorial Hospital is one of the hospitals within MAHC. The Foundation solicits funds on behalf of Huntsville District Memorial Hospital. These funds are transferred to MAHC in support of approved capital projects of the Huntsville District Memorial Hospital. Substantially all contributions are made to this entity and it therefore has an economic interest in the Foundation.

During the year the Foundation transferred \$1,588,948 to Muskoka Algonquin Health Care (2023 - \$1,884,846).

In addition, during the year, the Foundation incurred operating costs of \$818,154 (2023 - \$661,806) which were initially paid by Muskoka Algonquin Health Care and then reimbursed by the Foundation.

**Huntsville District Memorial Hospital Foundation
Notes to Financial Statements**

March 31, 2024

8. Continuity of Fund Balances

| | Balance, beginning of year | Revenue | Expenses | Grants | Transfers | 2024 Balance, end of year |
|--|---|--------------|---------------|---------------|-------------|--|
| Externally Restricted Funds: | | | | | | |
| Focus on Imaging | \$ 2,220,972 | \$ 1,960,607 | \$ (399,649) | \$ - | - | \$ 3,781,930 |
| Internally Restricted Funds: | | | | | | |
| Annual commitment | | | | | | |
| Fiscal 2023 | 324,675 | - | - | (269,467) | (55,208) | - |
| Fiscal 2024 | 1,000,000 | - | - | - | - | 1,000,000 |
| Fiscal 2025 | - | - | - | - | 1,000,000 | 1,000,000 |
| Focus on Imaging | 3,000,000 | - | - | - | 1,000,000 | 4,000,000 |
| CT Spec/Nuclear Med | 1,355,483 | - | - | (1,299,481) | (56,002) | - |
| Capital redevelopment | 1,500,000 | - | - | - | - | 1,500,000 |
| Integrated stroke rehabilitation | 1,000,000 | - | - | - | (1,000,000) | - |
| Dr. Allan Health Sciences Scholarship | 62,939 | 4,232 | - | (2,000) | 450 | 65,621 |
| | 8,243,097 | 4,232 | - | (1,570,948) | 889,240 | 7,565,621 |
| Unrestricted Funds: | 325,853 | 2,410,446 | (1,159,763) | (28,250) | (889,240) | 659,046 |
| Total | \$10,789,922 | \$ 4,375,285 | \$(1,559,412) | \$(1,599,198) | - | \$12,006,597 |

The Foundation has committed to an estimated value of \$12,500,000 for the Focus on Imaging Campaign. To date, the campaign has raised over \$10,000,000, including pledges, and expended \$1,401,733 (in previous years) to MAHC.

The Foundation has also committed an estimated value of \$35,000,000 for capital redevelopment.

Subsequent to year end, the Board of Directors approved a disbursement of \$495,492 to be funded from the 2024 annual capital internally restricted funds.

Huntsville District Memorial Hospital Foundation
Notes to Financial Statements

March 31, 2024

8. Continuity of Fund Balances (continued)

| | Balance, beginning of year | Revenue | Expenses | Grants | Transfers | 2023 Balance, end of year |
|--|---|--------------|---------------|---------------|-------------|---|
| Externally Restricted Funds: | | | | | | |
| Focus on Imaging | \$ 1,544,769 | \$ 1,762,092 | \$ (231,772) | \$ (854,117) | \$ - | \$ 2,220,972 |
| CT Spec/Nuclear Med | 1,000,001 | - | - | (1,000,001) | - | - |
| | 2,544,770 | 1,762,092 | (231,772) | (1,854,118) | - | 2,220,972 |
| Internally Restricted Funds: | | | | | | |
| Annual commitment | | | | | | |
| Fiscal 2023 | 324,675 | - | - | - | - | 324,675 |
| Fiscal 2024 | - | - | - | - | 1,000,000 | 1,000,000 |
| Focus on Imaging | 1,500,000 | - | - | - | 1,500,000 | 3,000,000 |
| CT Spec/Nuclear Med | 1,500,000 | - | - | - | (144,517) | 1,355,483 |
| Capital redevelopment | 1,500,000 | - | - | - | - | 1,500,000 |
| Integrated stroke rehabilitation | 1,000,000 | - | - | - | - | 1,000,000 |
| Dr. Allan Health Sciences Scholarship | 64,349 | (960) | - | (2,000) | 1,550 | 62,939 |
| | 5,889,024 | (960) | - | (2,000) | 2,357,033 | 8,243,097 |
| Unrestricted Funds: | 248,457 | 3,513,382 | (1,041,975) | (36,978) | (2,357,033) | 325,853 |
| Total | \$ 8,682,251 | \$ 5,274,514 | \$(1,273,747) | \$(1,893,096) | \$ - | \$10,789,922 |

Huntsville District Memorial Hospital Foundation Notes to Financial Statements

March 31, 2024

9. Financial Instrument Risks

Credit Risk

The Foundation is exposed to credit risk arising from bank accounts being held at one financial institution and deposits are only insured up to \$100,000.

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 Foundation is exposed to interest rate risk through its interest bearing investments.

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), 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 Foundation is exposed to other price risk through its investments.

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