

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

DRAFT

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
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YEAR ENDED MARCH 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of: The Foundation of Guelph General Hospital

Qualified Opinion

We have audited the accompanying financial statements of The Foundation of Guelph General Hospital, which comprise the statement of financial position as at March 31, 2024 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Foundation of Guelph General Hospital as at March 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the foundation derives some of the revenues from donations and fundraising activities, 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 revenues, excess of revenues over expenditures and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023 and net assets 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, 2023 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 of Guelph General Hospital 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 audit 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 the foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 judgement 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 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.

Guelph, Ontario

Chartered Professional Accountants
Licensed Public Accountants

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

| | GENERAL FUND | ENDOWMENT FUND | 2024 | 2023 |
|--|-------------------------|---------------------------|----------------------|----------------------|
| ASSETS | | | | |
| CURRENT | | | | |
| Cash | \$ 3,865,355 | \$ 0 | \$ 3,865,355 | \$ 1,671,574 |
| Investments (note 5) | 13,668,528 | 595,334 | 14,263,862 | 14,878,978 |
| Accounts receivable | 46,166 | 0 | 46,166 | 49,343 |
| Prepaid expenses | <u>2,157</u> | <u>0</u> | <u>2,157</u> | <u>0</u> |
| | 17,582,206 | 595,334 | 18,177,540 | 16,599,895 |
| CAPITAL ASSETS (note 4) | <u>9,398</u> | <u>0</u> | <u>9,398</u> | <u>11,879</u> |
| | <u>\$ 17,591,604</u> | <u>\$ 595,334</u> | <u>\$ 18,186,938</u> | <u>\$ 16,611,774</u> |
| LIABILITIES | | | | |
| CURRENT | | | | |
| Accounts payable and accrued liabilities | \$ 20,182 | \$ 0 | \$ 20,182 | \$ 80,863 |
| Due to Guelph General Hospital (note 6) | 1,117,281 | 0 | 1,117,281 | 0 |
| Deferred income | <u>42,916</u> | <u>0</u> | <u>42,916</u> | <u>0</u> |
| | <u>1,180,379</u> | <u>0</u> | <u>1,180,379</u> | <u>80,863</u> |
| NET ASSETS | | | | |
| FUND BALANCES | <u>16,411,225</u> | <u>595,334</u> | <u>17,006,559</u> | <u>16,530,911</u> |
| | <u>\$ 17,591,604</u> | <u>\$ 595,334</u> | <u>\$ 18,186,938</u> | <u>\$ 16,611,774</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2024

| | GENERAL FUND | ENDOWMENT FUND | 2024 | 2023 |
|---|----------------------|-------------------|----------------------|----------------------|
| NET ASSETS , beginning of year | \$ 15,966,277 | \$ 564,634 | \$ 16,530,911 | \$ 19,655,390 |
| EXCESS OF REVENUES OVER EXPENSES | <u>6,867,721</u> | <u>58,313</u> | <u>6,926,034</u> | <u>7,372,601</u> |
| NET ASSETS BEFORE TRANSFERS | <u>22,833,998</u> | <u>622,947</u> | <u>23,456,945</u> | <u>27,027,991</u> |
| NET TRANSFERS BETWEEN GENERAL FUND AND ENDOWMENT FUND (note 2 (g)) | <u>27,613</u> | <u>(27,613)</u> | <u>0</u> | <u>0</u> |
| TRANSFERS FOR CHARITABLE PURPOSES (note 2 (h)) | | | | |
| Capital equipment for G.G.H. | 6,217,383 | 0 | 6,217,383 | 10,390,765 |
| Special programs - G.G.H. | <u>233,003</u> | <u>0</u> | <u>233,003</u> | <u>106,315</u> |
| | <u>6,450,386</u> | <u>0</u> | <u>6,450,386</u> | <u>10,497,080</u> |
| NET ASSETS , end of year | <u>\$ 16,411,225</u> | <u>\$ 595,334</u> | <u>\$ 17,006,559</u> | <u>\$ 16,530,911</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

| | GENERAL FUND | ENDOWMENT FUND | 2024 | 2023 |
|--|-------------------------|---------------------------|---------------------|---------------------|
| REVENUE | | | | |
| Donations | \$ 5,189,502 | \$ 720 | \$ 5,190,222 | \$ 7,629,900 |
| Net investment income (note 5) | 1,524,575 | 57,593 | 1,582,168 | (26,746) |
| Bequests | 885,580 | 0 | 885,580 | 194,898 |
| Black Tie Bingo (note 7) | 335,696 | 0 | 335,696 | 476,654 |
| Tour de Guelph (note 7) | 134,946 | 0 | 134,946 | 103,219 |
| Hospital 50/50 lottery (note 7) | 97,275 | 0 | 97,275 | 188,305 |
| Pay Day Payout (note 7) | 48,680 | 0 | 48,680 | 61,670 |
| | <u>8,216,254</u> | <u>58,313</u> | <u>8,274,567</u> | <u>8,627,900</u> |
| OPERATING EXPENSES | | | | |
| Salaries (note 6) | 949,305 | 0 | 949,305 | 899,473 |
| Professional fees | 86,437 | 0 | 86,437 | 14,422 |
| Direct response | 83,628 | 0 | 83,628 | 105,510 |
| Fundraising expenses | 68,569 | 0 | 68,569 | 72,333 |
| Bank charges | 40,504 | 0 | 40,504 | 42,513 |
| Communications | 39,328 | 0 | 39,328 | 21,755 |
| Technology fees | 36,522 | 0 | 36,522 | 45,334 |
| Professional development | 15,217 | 0 | 15,217 | 17,874 |
| Campaign | 9,992 | 0 | 9,992 | 9,726 |
| Office supplies and materials | 6,636 | 0 | 6,636 | 5,631 |
| Donor recognition | 4,065 | 0 | 4,065 | 8,954 |
| Fees, dues and memberships | 2,914 | 0 | 2,914 | 3,133 |
| Meetings | 2,737 | 0 | 2,737 | 3,031 |
| Amortization | 2,481 | 0 | 2,481 | 2,504 |
| Bookkeeping | 198 | 0 | 198 | 3,106 |
| | <u>1,348,533</u> | <u>0</u> | <u>1,348,533</u> | <u>1,255,299</u> |
| EXCESS OF REVENUES OVER EXPENSES for the year | <u>\$ 6,867,721</u> | <u>\$ 58,313</u> | <u>\$ 6,926,034</u> | <u>\$ 7,372,601</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|--|---------------------|---------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 6,926,034 | \$ 7,372,601 |
| Transfer to G.G.H. for capital equipment | (6,217,383) | (10,390,765) |
| Transfer to G.G.H. for special programs | (233,003) | (106,315) |
| Items not requiring an outlay of cash | | |
| Amortization | <u>2,481</u> | <u>2,504</u> |
| | 478,129 | (3,121,975) |
| Changes in non-cash working capital | | |
| Accounts receivable | 3,177 | (6,446) |
| Prepaid expenses | (2,157) | 0 |
| Deferred income | 42,916 | 0 |
| Accounts payable and accrued liabilities | (60,681) | (62,375) |
| Due to Guelph General Hospital | <u>1,117,281</u> | <u>(102,535)</u> |
| | <u>1,578,665</u> | <u>(3,293,331)</u> |
| CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES | | |
| Additions to capital assets | 0 | (5,234) |
| Decrease in investments | <u>615,116</u> | <u>301,914</u> |
| | <u>615,116</u> | <u>296,680</u> |
| NET INCREASE (DECREASE) IN CASH | 2,193,781 | (2,996,651) |
| CASH, beginning of year | <u>1,671,574</u> | <u>4,668,225</u> |
| CASH, end of year | <u>\$ 3,865,355</u> | <u>\$ 1,671,574</u> |

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. NATURE OF ORGANIZATION

The Foundation of Guelph General Hospital is a registered charitable foundation whose mission is “Transforming healthcare through giving” and vision is “Together, a healthier community for everyone”. The Foundation is exempt from income tax under section 149(1)(f) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with and include the following significant accounting policies:

(a) **FUND ACCOUNTING**

Revenues and expenses related to program delivery and administrative activities are reported under the General Fund.

The Endowment Fund is a restricted fund for which the Foundation retains the capital and uses the investment income for either restricted or general purposes.

Balances due between the General Fund and the Endowment Fund are interest-free and have no fixed terms of repayment.

(b) **CAPITAL ASSETS**

Capital assets are recorded at cost and amortized on the basis of their estimated useful life. Amortization is calculated at one-half of the normal rate in the year of acquisition. Amortization is provided for at the following methods and rates:

| | |
|-------------------------|-------------------------------|
| Furniture and equipment | - 20% declining balance basis |
| Computer hardware | - 30% declining balance basis |

(c) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(d) **REVENUE RECOGNITION**

The Foundation follows the restricted fund method of accounting for contributions. Donations are recognized as revenue of the General Fund in the year received. Pledges are not recognized as revenue until cash is received. Revenues from events are reported net of expenses.

Donated materials and services received are not recorded in the financial statements.

Investment income is recognized as revenue when earned. The fair value adjustments to market value at year end are recognized in investment income.

Other revenues are recognized either when received or collection is reasonably assured.

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net surplus.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. 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 net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(f) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) NET TRANSFERS BETWEEN FUNDS

Transfers between the endowment fund and the general fund are pursuant to the endowment donation agreements.

(h) TRANSFERS FOR CHARITABLE PURPOSES

At the discretion of the Board of Directors, funds are donated to the Guelph General Hospital to assist with the cost of acquiring equipment and other capital assets.

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2024 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

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 organization is exposed to other price risk on portfolio investments, which include investments in mutual funds, and manages this risk through diversification of its portfolio.

4. CAPITAL ASSETS

| | Cost | Accumulated Amortization | Net 2024 | Net 2023 |
|-------------------------|------------------|---------------------------------|-----------------|------------------|
| Furniture and equipment | \$ 40,249 | \$ 31,592 | \$ 8,657 | \$ 10,821 |
| Computer hardware | <u>7,843</u> | <u>7,102</u> | <u>741</u> | <u>1,058</u> |
| | <u>\$ 48,092</u> | <u>\$ 38,694</u> | <u>\$ 9,398</u> | <u>\$ 11,879</u> |

5. INVESTMENTS

| | 2024 | 2023 |
|-------------------------------|----------------------|----------------------|
| General Fund | | |
| Fixed income investments | \$ 4,560,066 | \$ 4,580,230 |
| Mutual funds and income pools | 7,753,194 | 7,467,537 |
| Alternative | 1,355,268 | 1,346,577 |
| GICs | <u>0</u> | <u>920,000</u> |
| | <u>13,668,528</u> | <u>14,314,344</u> |
| Endowment Fund | | |
| Fixed income investments | 198,614 | 193,078 |
| Mutual funds and income pools | 337,691 | 314,793 |
| Alternative | <u>59,029</u> | <u>56,763</u> |
| | <u>595,334</u> | <u>564,634</u> |
| Total Investments | <u>\$ 14,263,862</u> | <u>\$ 14,878,978</u> |

The cost base of the portfolio at year end was \$13,216,865 (2023 - \$15,458,553).

THE FOUNDATION OF GUELPH GENERAL HOSPITAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. GUELPH GENERAL HOSPITAL

The Hospital is a Canadian public hospital and an independent corporation which has its own Board of Directors. The Foundation is responsible for all fundraising activities carried out on behalf of the Hospital.

The Foundation reimburses the Hospital for various costs associated with services or expenses the Hospital provides or pays on the Foundation's behalf. The Foundation reimbursed the Hospital \$949,305 (2023 - \$899,473) for Foundation staff salaries paid through the Hospital's payroll system. The balance due to Guelph General Hospital is a reimbursement of these expenses and is non-interest bearing and due on demand.

7. FUNDRAISING EVENTS

The Black Tie Bingo, lottery activities, Tour de Guelph and other activities revenues are shown net of expenses on the statement of operations. The expenses relating to Black Tie Bingo were \$130,781 (2023 - \$98,941) and relating to Pay Day Payout were \$28,355 (2023 - \$24,750). The lottery and Tour de Guelph transactions were as follows:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Lottery | | |
| Proceeds from 50/50 lottery | \$ 187,005 | \$ 676,140 |
| Proceeds from Split the Pot | 19,787 | 0 |
| Payout of prizes | <u>(68,829)</u> | <u>(337,123)</u> |
| Subtotal | 137,963 | 339,017 |
| Bonus draw prize payout | (7,550) | (37,300) |
| Lottery sponsorships | 0 | 0 |
| Lottery expenditures and administration | <u>(33,138)</u> | <u>(113,412)</u> |
| Net revenue from 50/50 lottery | <u>\$ 97,275</u> | <u>\$ 188,305</u> |
| | 2024 | 2023 |
| Tour de Guelph | | |
| Proceeds from Tour de Guelph | \$ 241,674 | \$ 103,219 |
| Expenses incurred | (62,228) | 0 |
| Payout of proceeds to partner | <u>(44,500)</u> | <u>0</u> |
| Net revenue from Tour de Guelph | <u>\$ 134,946</u> | <u>\$ 103,219</u> |