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SOUTH MUSKOKA HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of
South Muskoka Hospital Foundation

Opinion

We have audited the financial statements of *South Muskoka Hospital Foundation* (the Organization), which comprise the statement of financial position as at March 31, 2024, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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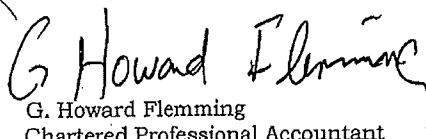
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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Organization'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 Organization'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 Organization 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.

Bracebridge, Ontario
June 5, 2024



G. Howard Flemming
Chartered Professional Accountant
Licensed Public Accountant

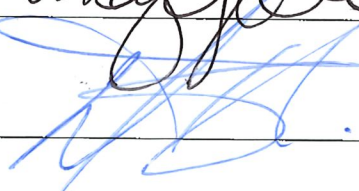
SOUTH MUSKOKA HOSPITAL FOUNDATION
 STATEMENT OF FINANCIAL POSITION
 AS AT March 31, 2024

	2024	2023
ASSETS		
<i>Current</i>		
Cash	\$ 3,648,392	\$ 2,670,431
Marketable Investments (Note 1)	1,718,048	1,643,254
Accounts Receivable	<u>15,545</u>	<u>11,941</u>
	\$ 5,381,985	\$ 4,325,626
<i>Capital Assets (Note 2)</i>		
	<u>0</u>	<u>0</u>
	\$ 5,381,985	\$ 4,325,626
LIABILITIES		
<i>Current</i>		
Accounts Payable and Accrued Liabilities (Note 8)	\$ 54,772	\$ 68,215
NET ASSETS		
General Fund - unrestricted	\$ 5,297,213	\$ 4,257,411
Capital Redevelopment Fund Bracebridge Build	<u>30,000</u>	<u>0</u>
	\$ 5,327,213	\$ 4,257,411
	\$ 5,381,985	\$ 4,325,626

The accompanying notes are an integral part of these Financial Statements.

On Behalf of the Board:

 _____ Director

 _____ Director

SOUTH MUSKOKA HOSPITAL FOUNDATIONSTATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	Unrestricted	Externally Restricted (Note 3)	2024	2023
Net Assets, Beginning of Year	\$ 4,257,411	\$ 0	\$4,257,411	\$ 5,356,717
Excess of Revenue over Expenses And Disbursements for the Year	<u>1,039,802</u>	<u>30,000</u>	<u>1,069,802</u>	<u>(1,099,306)</u>
Net Assets, End of Year	\$ 5,297,213	\$ 30,000	\$ 5,327,213	\$ 4,257,411

The accompanying notes are an integral part of these Financial Statements.

SOUTH MUSKOKA HOSPITAL FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2024

	Nine Months	
	2024	2023
<i>Revenue</i>		
Donations		
Community Organizations	\$ 54,941	\$ 67,679
Corporations	239,319	97,900
Foundations	222,534	125,496
Individuals	1,256,409	932,242
In Memoriam	76,995	86,369
Special Projects	188,152	290,488
	<u>\$ 2,038,350</u>	<u>\$ 1,600,174</u>
Estates	216,423	364,044
	<u>\$ 2,254,773</u>	<u>\$ 1,962,123</u>
Other Income		
Net Investment Income	210,238	125,326
	<u>\$ 2,465,011</u>	<u>\$ 2,089,544</u>
<i>Expenses</i>		
Advertising	\$ 17,523	\$ 18,910
Audit	8,450	6,700
Bank Charges and Interest	17,082	12,312
Conferences and Travel	4,848	7,004
Fundraising	51,710	41,012
General and Office	78,314	47,079
Planned Giving (Note 12)	30,150	30,150
Wages and Benefits	412,862	309,530
	<u>\$ 620,759</u>	<u>\$ 472,698</u>
<i>Excess of Revenues over Expenses</i>	\$ 1,844,252	\$ 1,616,846
<i>Contributions Made</i>		
MAHC Capital Disbursements	\$ (774,450)	\$(2,716,152)
Excess Revenue over Expenses		
And Disbursements for the Year	<u>\$ 1,069,802</u>	<u>\$(1,099,306)</u>

The accompanying notes are an integral part of these Financial Statements.

SOUTH MUSKOKA HOSPITAL FOUNDATIONSTATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	Nine Months	
	2024	2023
<i>Cash Provided by Operating Activities</i>		
Excess of Revenue over Expenses and Disbursements For the Period	\$ 1,069,802	\$(1,099,306)
<i>Changes in Non-Cash Working Capital Balances</i>		
Accounts Receivable	(3,604)	1,545
Marketable Investments	(74,794)	(1,045,111)
Accounts Payable and Accrued Liabilities	(13,443)	33,378
	<u>\$ 977,961</u>	<u>\$(2,109,494)</u>
<i>Net Change in Cash and Equivalents, During the Year</i>	\$ 977,961	\$(2,109,494)
<i>Cash, Beginning of the Period</i>	<u>2,670,431</u>	<u>4,779,925</u>
<i>Cash, End of the Period</i>	<u>\$3,648,392</u>	<u>\$2,670,431</u>

The accompanying notes are an integral part of these Financial Statements.

SOUTH MUSKOKA HOSPITAL FOUNDATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2024

NATURE AND PURPOSE OF ORGANIZATION

The South Muskoka Hospital Foundation is a non-profit organization incorporated without share capital under the laws of Ontario. The Foundation is involved in raising funds for the benefit of 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.

The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

SIGNIFICANT ACCOUNTING POLICIES

GENERAL

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

REVENUE RECOGNITION

The Foundation follows the cash method of accounting for contributions. Contributions, whether restricted or unrestricted, are recognized as revenue of appropriate funds when received.

Investment income is accrued in the period earned.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

FOREIGN CURRENCY

Foreign currency accounts are translated to Canadian dollars as follows: At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate.

FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash, marketable investments, accounts receivable, accounts payable and accrued liabilities and amounts due to related parties. The carrying value of financial instruments approximates their fair value due to their short-term nature. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

SOUTH MUSKOKA HOSPITAL FOUNDATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED MARCH 31, 2024

CONTRIBUTED SERVICES

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

CONTRIBUTED MATERIALS

Contributed materials which are used in the normal course of the organization'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.

MARKETABLE INVESTMENTS

Marketable investments are recorded at market value.

PENSION PLAN

The Foundation maintains a multi-employer defined benefit pension plan which covers substantially all of its employees. Contributions are made to the Hospital of Ontario Pension Plan.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and bank balances.

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

1. MARKETABLE INVESTMENTS

2024 2023

Guaranteed Investment Certificates

\$ 1,718,048 \$ 1,643,254

The above investments are recorded at their fair value. Maturity dates vary, ranging from 2024 through to 2028. The interest rate ranges from 4.5% to 5.3%.

2. CONTRIBUTED MATERIALS

The Foundation operates from the Muskoka Algonquin Healthcare – Bracebridge site. No rent is paid to the hospital for the use of the facility. The benefit of using the facility has not been reflected in the financial statements.

3. CAPITAL REDEVELOPMENT FUND BRACEBRIDGE BUILD

During the year the foundation received \$30,000 which is restricted cash, which is to be used for the building of the new proposed hospital.

4. RELATED PARTY TRANSACTIONS

The Foundation was established to raise funds for the use of the hospital and of other organizations in the community with similar objectives.

During the year, the Foundation contributed \$ 774,450 (2023 - \$ 2,717,152) in grants to the Muskoka Algonquin Healthcare Bracebridge Site.

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

5. FINANCIAL RISK AND CONCENTRATION OF RISK

(a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Foundation is not exposed to credit risk since it does not record contributions or pledges as Accounts Receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2022.

(c) Interest rate risk:

The Foundation is not exposed to any significant interest rate risk

6. PENSION PLAN

All of the full-time employees of the Foundation are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension 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 provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Hospitals of Ontario Pension Plan by placing plan assets in trust and through the Plan Investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the percentage of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions. Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan was 115% funded

For 2024, employee contributions were based on 6.9% of earnings up to \$ 68,500 and 9.2% on earnings above this level. The Foundation contributes 1.26 times the employee contributions.

Contributions to the Plan made during the period by the Foundation on behalf of its employees amounted to approximately \$ 25,421 (2023 - \$ 28,892).

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

7. 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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Accounts Payable and Accrued Liabilities	\$ 54,772	\$ 68,215

Accounts payable and accrued liabilities include government remittances of \$ 19,207 (2023 - \$ 26,149).

9. 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 ninety-seven percent of the amounts pledged.

10. Comparative Figures

The Foundation changed its fiscal year end to March 31. This is to coincide with the MAHC year end.

11. COMMITMENTS

The Foundation has committed to Muskoka Algonquin Health Care, Bracebridge Site, \$1,015,000 for the 2024/2025 yearend. The funds are to be used for much needed Capital Equipment.

SOUTH MUSKOKA HOSPITAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

12. PLANNED GIVING

The Foundation is the designated beneficiary of two life insurance policies with a principal sum of \$1,100,554 being assured. The Foundation pays the annual premium of \$30,150 for the two policies. No amount has been recorded with respect to these insurance policies.
