

Lakeridge 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 Lakeridge Health Foundation

Opinion

We have audited the financial statements of Lakeridge Health Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, 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 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 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
July 3, 2024

Lakeridge Health Foundation
Statement of Financial Position

March 31 **2024** **2023**

(in thousand of dollars)

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Total
Assets					
Current					
Cash	\$ 4,108	\$ -	\$ -	\$ 4,108	\$ 3,063
Account receivables	581	-	-	581	503
Prepaid expenses	5	6	-	11	8
Due from unrestricted fund	-	23,039	-	23,039	21,121
	<u>4,694</u>	<u>23,045</u>	<u>-</u>	<u>27,739</u>	<u>24,695</u>
Investments (Note 3)	52,263	6,065	2,116	60,444	53,278
Capital assets (Note 4)	4,416	990	-	5,406	5,434
Other long term assets	-	124	-	124	60
	<u>\$ 61,373</u>	<u>\$ 30,224</u>	<u>\$ 2,116</u>	<u>\$ 93,713</u>	<u>\$ 83,467</u>
Liabilities and Fund balances					
Current					
Accounts payable and accrued liabilities	\$ 145	\$ -	\$ -	\$ 145	\$ 91
Due to Lakeridge Health (Note 5)	48	-	-	48	50
Due to restricted fund	23,039	-	-	23,039	21,121
Deferred donations	91	7	-	98	64
	<u>23,323</u>	<u>7</u>	<u>-</u>	<u>23,330</u>	<u>21,326</u>
Fund Balances					
Externally restricted funds (Note 5)	-	30,217	2,116	32,333	29,240
Internally restricted (Note 5)	22,586	-	-	22,586	22,580
Unrestricted	15,464	-	-	15,464	10,321
	<u>38,050</u>	<u>30,217</u>	<u>2,116</u>	<u>70,383</u>	<u>62,141</u>
	<u>\$ 61,373</u>	<u>\$ 30,224</u>	<u>\$ 2,116</u>	<u>\$ 93,713</u>	<u>\$ 83,467</u>

On behalf of the Board:  Director  Director

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

Lakeridge Health Foundation Statement of Operations

March 31

2024

2023

(in thousand of dollars)

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Total
Income					
Donations received					
Cash	\$ 1,526	\$ 6,204	\$ -	\$ 7,730	\$ 5,167
In-kind	-	142	-	142	48
Investment income	6,439	651	216	7,306	22
Rental income (Note 6)	256	-	-	256	256
	8,221	6,997	216	15,434	5,493
Expenses					
Administrative	1,834	1	-	1,835	1,629
Fundraising	967	501	-	1,468	1,185
Investments	228	34	9	271	265
	3,029	536	9	3,574	3,079
Excess (deficiency) of income over expenses before undernoted	5,192	6,461	207	11,860	2,414
Grants to Lakeridge Health (Note 5)	(2)	(3,616)	-	(3,618)	(3,571)
Excess (deficiency) of income over expenses	\$ 5,190	\$ 2,845	\$ 207	\$ 8,242	\$ (1,157)

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

Lakeridge Health Foundation Statement of Changes in Fund Balances

For the year ended March 31

(in thousand of dollars)

						2024			2023
	Unrestricted Fund			Restricted Fund	Endowment Fund	Total			Total
	Internally restricted	Unrestricted	Total						
Fund balance - beginning of year	\$ 22,580	\$ 10,321	\$ 32,901	\$ 27,610	\$ 1,630	\$ 62,141	\$		63,298
Interfund transfers (Note 7)	6	(47)	(41)	(238)	279	-			-
Excess (deficiency) of income over expenses for the year	-	5,190	5,190	2,845	207	8,242			(1,157)
Fund balance, end of year	\$ 22,586	\$ 15,464	\$ 38,050	\$ 30,217	2,116	\$ 70,383	\$		62,141

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

Lakeridge Health Foundation Statement of Cash Flows

For the year ended March 31	2024	2023
(in thousand of dollars)		
Increase (decrease) in cash		
Operating		
Excess (deficiency) of income over expenses	\$ 8,242	\$ (1,157)
Adjustments required to reconcile excess (deficiency) of income over expenses with net cash provided by operating activities		
Investment income reinvested	(7,306)	(22)
Amortization	39	41
Increase in long term assets	(64)	-
Changes in non-cash working capital balances		
Accounts receivable	(78)	(73)
Prepaid expenses	(3)	27
Accounts payable and accrued liabilities	54	14
Due from/to Lakeridge Health	(2)	21
Deferred donations	34	(50)
	916	(1,199)
Investing		
Purchase of capital assets	(11)	(7)
Redemption of investments	140	258
	129	251
Increase (decrease) in cash during the year	1,045	(948)
Cash beginning of year	3,063	4,011
Cash end of year	\$ 4,108	\$ 3,063

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

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2024

(in thousand of dollars)

1. Status and Nature of Activities

Lakeridge Health Foundation (the "Foundation") is a registered charity under the Income Tax Act (Canada). The Foundation raises and invests funds for the benefit of Lakeridge Health in respect of activities related to health and/or related social and educational purposes of the community. As a registered charity, the Foundation is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. The Unrestricted Fund accounts for the unrestricted donations and the Foundation's general operations. The internally restricted amounts within the Unrestricted Fund have been restricted by the Board of Directors to ensure the long-term viability of the Foundation.

The Restricted Fund and Endowment Fund account for externally restricted contributions as set out in note 5 to the financial statements.

Revenue Recognition

Revenue from donations and fundraising activities are recorded when received. Unrestricted contributions are recognized as revenue of the Unrestricted Fund. Donor restricted contributions are recorded as revenue of the appropriate Restricted Fund or the Endowment Fund.

Other contributions, including gifts in-kind, are recognized as revenue when received at the fair value on the date of donation. Fair value for gifts in-kind would be estimated using market or appraisal values.

Investments and investment income

Investments are recorded at fair value. The fair values of the units in pooled funds are based on the fair values of the securities held by the pooled funds and are provided by the administrators of the pooled funds. Investment income is allocated between the Unrestricted Fund, Restricted Fund and Endowment Fund based on the ending investment balances.

Cash

Cash comprises cash on hand with a major financial institution.

Lakeridge Health Foundation

Notes to Financial Statements

March 31, 2024

(in thousand of dollars)

2. Significant Accounting Policies (Continued)

Deferred donations and prepaid expenses

Deferred donations represent donations/ticket sales received in advance for subsequent years' fundraising events. These amounts are recognized as revenue in the year in which the event occurs, together with any associated costs. Costs directly related to future fundraising events are presented as prepaid expenses when the Foundation can reliably demonstrate the event will take place in a future period. Once the event is held, the related costs are expensed in the year in which the event occurs.

Financial Instruments and Risk Management

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable, except for portfolio investments which are subsequently measured at fair value. 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.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Renovation costs to maintain normal operating efficiency are expensed as incurred. Maintenance, repairs and minor replacements are also expensed as incurred. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets at the following rates:

Office improvements	10 years
Furniture and fixtures	5 years

The estimated useful lives of assets are reviewed by management and adjusted, if necessary.

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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contributed Materials and Services

Contributed materials are recorded in the financial statements at fair value on the date of the donation. During the year, materials with an estimated fair value of \$142 (2023 - \$48) were donated to the Foundation and have been recorded as In-kind donations in these financial statements. Contributed services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such services are not significant.

Lakeridge Health Foundation Notes to Financial Statements

March 31, 2024

(in thousand of dollars)

2. Significant Accounting Policies (Continued)

Allocation of Expenses

The Foundation engages in fundraising initiatives to support capital expenditure, education, research and other special projects for the benefit of the Health System. The cost of each fundraising initiative includes the cost of personnel, services and other expenses that are directly related to undertaking the fundraising initiative. The Foundation also incurs a number of personnel related costs common to the administration of each of its ongoing fundraising initiatives. The Foundation allocates these personnel costs based on an estimate of time spent by the personnel on the fundraising initiative. The allocation percentages are reviewed by management and are applied consistently on an annual basis.

3. Investments

Investments consist of cash held within an investment account and units of various pooled funds and comprise the following:

		<u>2024</u>		2023
Cash	\$	4,006	\$	3,027
Pooled funds				
Fixed income		17,582		15,839
Equities		38,856		34,412
		<u>\$ 60,444</u>	<u>\$</u>	53,278
Aggregate cost	\$	<u>55,405</u>	\$	<u>55,747</u>

4. Capital Assets

		Cost	Accumulated amortization		2023		2022
Land	\$	5,282	\$ -	\$	5,282	\$	5,282
Office improvements		361	254		107		120
Furniture and fixtures		200	183		17		32
		<u>\$ 5,843</u>	<u>\$ 437</u>	<u>\$</u>	<u>5,406</u>	<u>\$</u>	<u>5,434</u>

Lakeridge Health Foundation **Notes to Financial Statements**

March 31, 2024

(in thousand of dollars)

5. Restricted Funds

The Foundation holds all restricted donations received, restricted to be used by Lakeridge Health for the redevelopment and expansion of existing and future buildings, in the Restricted Fund. The Foundation maintains the funds and will contribute to Lakeridge Health, from time to time, such amounts as are requested in writing for such purposes with appropriate supporting documentation.

The Foundation also holds funds received for Lakeridge Health to be used for medical equipment, other capital equipment, research and education, provided that any such monies, property and pledges designated for a specific purpose shall be contributed to Lakeridge Health for such purposes. The Foundation maintains the funds and will contribute to Lakeridge Health, from time to time, such amounts as are requested in writing for such purposes with appropriate supporting documentation.

6. Related Party Transactions

The Foundation has utilized office space in Lakeridge Health's Oshawa and Whitby sites since June 2010. Lakeridge Health charges a nominal fee of one dollar annually for the use of this space. In addition, Lakeridge Health provides a number of services to the Foundation, including payroll, human resources and some financial processes. Lakeridge Health does not charge the Foundation a fee for these services. In 2016, the Foundation purchased land adjacent to Lakeridge Health and subsequently leased the land to Lakeridge Health for a 20-year period at an annual lease rate that escalates from \$200 to \$349 over the period of the lease. Lakeridge Health intends to use the land to provide additional parking services to its patients. Given the terms of the lease, the Foundation has treated the lease as an operating lease in these financial statements.

7. Interfund Transfers

During the year, the board approved transfers of \$6 (2023 - \$107) from the unrestricted fund to the internally restricted fund to ensure the long-term viability of the Foundation.

Lakeridge Health Foundation Notes to Financial Statements

March 31, 2024

(in thousand of dollars)

8. Financial Instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposures and concentrations at March 31, 2024:

Market Price Risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. All of the Foundation's portfolio investments are carried at fair value with fair value changes recognized in the statement of operations. Market price risk is managed by the Investment Managers through construction of a diversified portfolio of instruments in accordance with the Foundation's investment policy.

The Foundation is exposed to price risk through changes in market prices (other than changes arising from interest rate) in connection with its investment in pooled funds (equity and fixed income securities). There was no significant change in exposure from the prior year.

Interest Rate Risk

Interest rate risk arises from fluctuations in interest rates and the degree of volatility in those rates. The Foundation is exposed to interest rate risk as a result of its fixed income portfolio. Changes in interest rates will have an impact on the fair values of the pooled fixed income fund. The Foundation mitigates its risk on interest rates by ensuring it has a diversified investment portfolio that is regularly monitored and adjusted to minimize risk.

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 and capital commitments. The Foundation prepares budgets and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations. There have been no changes to the risk exposures from the prior year.