

Peterborough Regional Health Centre Foundation

Financial statements
March 31, 2024



Independent auditor's report

To the Board of Directors of
Peterborough Regional Health Centre Foundation

Opinion

We have audited the financial statements of **Peterborough Regional Health Centre Foundation** [the "Foundation"], which comprise the statement of financial position as at March 31, 2024, and the statement of operations and changes in fund balances and statement of 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 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.

Ernst & Young LLP

Toronto, Canada
June 19, 2024

Chartered Professional Accountants
Licensed Public Accountants



Peterborough Regional Health Centre Foundation

Statement of financial position

As at March 31

	2024	2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	5,142,702	2,888,970
Investments <i>[note 3[a]]</i>	3,000,000	—
Accounts receivable	183,468	83,711
Prepaid expenses	31,614	29,127
Inventory	44,939	44,551
Total current assets	8,402,723	3,046,359
Investments <i>[note 3[b]]</i>	15,968,170	13,922,249
Investments in insurance policy <i>[note 3[c]]</i>	26,000	22,000
Other receivables <i>[note 4]</i>	—	147,916
Capital assets, net <i>[note 5]</i>	35,708	46,582
	24,432,601	17,185,106
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities <i>[note 6[a]]</i>	193,148	163,611
Commitments payable to Peterborough Regional Health Centre <i>[note 6[a]]</i>	2,628,442	1,345,998
Total current liabilities	2,821,590	1,509,609
Deferred revenue <i>[note 4]</i>	50,392	177,024
Other liabilities	124,800	97,733
Total liabilities	2,996,782	1,784,366
Fund balances		
Unrestricted fund	2,174,290	594,600
Restricted fund <i>[note 9]</i>	12,826,441	8,959,127
Endowment fund <i>[note 10[a]]</i>	6,435,088	5,847,013
	21,435,819	15,400,740
	24,432,601	17,185,106

See accompanying notes

Peterborough Regional Health Centre Foundation

Statement of operations and changes in fund balances

As at March 31

	Unrestricted Fund		Restricted Fund		Endowment Fund		Total Funds	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations and fundraising <i>[notes 4 and 8]</i>	2,766,764	1,334,618	7,706,998	6,303,314	19,228	10,780	10,492,990	7,648,712
Investment income	1,063,191	226,675	174,161	11,102	42,605	8,611	1,279,957	246,388
	3,829,955	1,561,293	7,881,159	6,314,416	61,833	19,391	11,772,947	7,895,100
Expenses <i>[note 6[c]]</i>								
Salaries and benefits <i>[note 7]</i>	1,347,084	1,170,886	—	—	—	—	1,347,084	1,170,886
Fundraising	370,747	326,891	15,227	11,129	—	—	385,974	338,020
Administrative <i>[note 9]</i>	196,322	173,329	19,863	41,567	—	—	216,185	214,896
	1,914,153	1,671,106	35,090	52,696	—	—	1,949,243	1,723,802
Excess (deficiency) of revenue over expenses before grants	1,915,802	(109,813)	7,846,069	6,261,720	61,833	19,391	9,823,704	6,171,298
Gifts to Peterborough Regional Health Centre <i>[note 6[b]]</i>	15,969	(582,925)	(3,804,594)	(4,479,641)	—	—	(3,788,625)	(5,062,566)
Excess (deficiency) of revenue over expenses	1,931,771	(692,738)	4,041,475	1,782,079	61,833	19,391	6,035,079	1,108,732
Fund balances, beginning of year	594,600	1,319,272	8,959,127	7,177,609	5,847,013	5,795,127	15,400,740	14,292,008
Interfund transfers <i>[note 11]</i>	(352,081)	(31,934)	(174,161)	(561)	526,242	32,495	—	—
Fund balances, end of year	2,174,290	594,600	12,826,441	8,959,127	6,435,088	5,847,013	21,435,819	15,400,740

See accompanying notes

Peterborough Regional Health Centre Foundation

Statement of cash flows

Year ended March 31

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	6,035,079	1,108,732
Add items not affecting cash		
Amortization of capital assets	22,341	10,813
Changes in non-cash operating working capital balances related to operations		
Accounts receivable	48,159	(14,828)
Inventory	(388)	(6,711)
Prepaid expenses	(2,487)	(10,778)
Accounts payable and accrued liabilities	29,537	(80,041)
Commitments payable to Peterborough Regional Health Centre	1,282,444	528,266
Deferred revenue	(126,632)	29,004
Other liabilities	27,067	5,000
Cash provided by operating activities	7,315,120	1,569,457
Financing activities		
Purchase of capital assets	(11,467)	(9,224)
Cash used in financing activities	(11,467)	(9,224)
Investing activities		
Payment of premiums on donated life insurance policy	(4,000)	72,634
Change in investments (net)	(5,045,921)	(1,262,682)
Cash used in investing activities	(5,049,921)	(1,190,048)
Increase in cash during the year	2,253,732	370,185
Cash and cash equivalents, beginning of year	2,888,970	2,518,785
Cash and cash equivalents, end of year	5,142,702	2,888,970

See accompanying notes

Peterborough Regional Health Centre Foundation

Notes to financial statements

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1. Nature of organization

Supporting outstanding patient care has been the purpose, promise and passion of the Peterborough Regional Health Centre Foundation [the "Foundation"] for more than 40 years. The Foundation works with the community, broader catchment area and philanthropic partners to transform patient care at Peterborough Regional Health Centre ["PRHC"]. The Foundation exists to make sure its dedicated doctors, nurses and staff have the tools they need to hasten identification and treatment of disease, shorten wait times, reduce pain and improve outcomes. The Foundation operates as an independent entity with its own Board of Directors. It raises support from the community and philanthropic partners to fund technology and projects that improve patient care but are not covered through government funding.

The Foundation is incorporated under the laws of Ontario as a corporation without share capital. The Foundation is a public foundation registered under the *Income Tax Act* (Ontario) and, accordingly, is exempt from income taxes, provided certain requirements of the *Income Tax Act* (Ontario) are met.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Foundation are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets our accounting principles for not-for-profit organizations in Canada and includes the following significant accounting policies summarized below.

Fund accounting

For financial reporting purposes, the Foundation's funds have been classified as follows:

The Unrestricted Fund accounts for the Foundation's program delivery and administrative activities. The Unrestricted Fund also includes general unrestricted revenues used to provide funding to PRHC for general equipment purchases. Investment income earned on these resources is included as revenue in the Unrestricted Fund.

The Restricted Fund includes monies received for specific purposes as specified by the donor. In addition, the Board of Directors of the Foundation may, from time to time, redirect unrestricted funds to specific project initiatives in the Restricted Fund.

The Endowment Fund includes those funds where either the donor or internal restrictions require that the principal be maintained by the Foundation on a permanent basis.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, which includes bequests and other donations. Contributions are recorded in the unrestricted, restricted or endowment fund based on donor intentions when contributions are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledges, due to their inherent nature, are not recorded in the financial statements until received.

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The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended in accordance with the wishes of the donor.

Investment income consists of interest, and realized and unrealized gains and losses, net of investment management fees. Investment income earned on the Endowment Fund or Restricted Fund resources that must be spent on donor-restricted activities is recognized as revenue of the Restricted Fund. Investment income subject to donor restrictions stipulating that it be added to the endowment is recognized as revenue of the Endowment Fund. Unrestricted investment income earned on Endowment Fund, Restricted Fund and General Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

Gift shop sales revenue is recognized immediately upon sale to the customer.

Contributed materials and services

Contributed materials and services, 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 the contribution if fair value can be reasonably estimated.

Volunteers contribute significant hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Gift-in-kind donations

The Foundation raises support through gift-in-kind donations to receive items needed by PRHC or to reduce the cost of fundraising and operations. Gift-in-kind donations are only recognized if the donor provides an appraisal or invoice to support the value. When recorded as a donation, an equivalent amount is recorded as an expense or distribution to the respective campaigns.

Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market, as well as any investments in pooled funds and any investments in fixed income securities that the Foundation designates upon purchase to be measured at fair value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value. Transaction costs are recognized in the statement of operations and changes in fund balances in the period in which they are incurred.

Alternative investments are valued by the investment managers of these investments who perform valuations on the underlying investments on a quarterly basis. The value of these investments is recorded using the most recently available quarterly information from the fund manager adjusted for transactions to the year-end date, which approximates fair value. Because these interests are not readily traded, their estimated values are subject to uncertainty and, therefore, may differ from the values that would have been used had a ready market for such interests existed.

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Investments in fixed income and other securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis. Transaction costs in respect of financial assets recorded at fair value are expensed as incurred.

Other financial instruments, including accounts and other receivables, investment in insurance policy and accounts and commitments payable are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits with a term to maturity of ninety days or less at the date of purchase. Short-term deposits with a term to maturity greater than ninety days and less than one year are recorded as short-term investments. Cash and cash equivalents held for investing rather than liquidity purposes are classified as long-term investments.

Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

Life insurance policies

The cash surrender value of life insurance policies, where the Foundation is the owner or the beneficiary, is recorded in the Restricted Fund.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Capital assets are amortized using the following annual rates:

Furniture and equipment	10%–20%
Donor display	20%

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Foundation's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations and changes in fund balances. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Pension plan

The Foundation is part of a multi-employer defined benefit pension plan that is accounted for using defined contribution accounting.

Peterborough Regional Health Centre Foundation

Notes to financial statements

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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. The principal estimates used in the preparation of these financial statements are employee future benefits and the useful lives of capital assets. Actual results could differ from management's best estimates, as additional information becomes available in the future.

3. Investments

[a] Short-term investments consist of guaranteed investment certificates that mature between July 2024 and March 2025 and yield interest between 5.15% and 5.17%.

[b] Long-term investments consist of:

		2024	2023
	Carrying value	\$	\$
Cash	Fair value	3,750,813	2,408,129
Guaranteed investment certificates	Amortized cost	5,703,742	5,654,069
Fixed income	Fair value	919,182	847,422
Equities	Fair value	3,379,968	2,993,780
Alternative funds	Fair value	1,605,777	1,379,163
Hedge funds	Fair value	608,688	639,686
		15,968,170	13,922,249

As at March 31, 2024, guaranteed investment certificates and fixed income investments mature between April 2024 and March 2025 and yield between 4.675% and 5.475% [2023 – mature between April 2023 and March 2024 and yield between 2.175% and 5.165%].

[c] As at March 31, 2024, the Foundation is the named owner and beneficiary of life insurance policies with a cash surrender value totalling \$26,000 [2023 – \$22,000] and a face value totalling \$1,018,509 [2023 – \$1,014,779]. The Foundation is responsible for premium payments and is recording these payments as an asset.

4. Other receivables

In 1998, a donor created an irrevocable charitable remainder trust and named the Foundation as one of the beneficiaries. At the date of the establishment of the trust, it was determined that the Foundation would receive an amount of \$160,045 upon the death of the donor. The present value of this amount was initially recorded as a receivable and as deferred revenue when established and was adjusted periodically for changes in interest rates and the donor's life expectancy. During the year, the Foundation received an amount of \$227,423 upon the death of the donor, which has been recorded in donation revenue.

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5. Capital assets

Capital assets consist of:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Furniture and equipment	8,820	6,334	2,486	1,604
Donor display	135,641	102,419	33,222	44,978
	144,461	108,753	35,708	46,582

Amortization expense, not disclosed separately in the statement of operations and changes in fund balances, is \$22,341 [2022 – \$10,813].

6. Related party transactions

- [a] As at March 31, 2024, accounts payable and accrued liabilities includes \$132,748 [2023 – \$107,406] for operating costs due to PRHC and \$2,628,442 [2023 – \$1,345,997] related to capital commitments payable to PRHC for equipment, technology and patient care. Amounts due to PRHC are non-interest bearing with no repayment terms.
- [b] During the year, the Foundation approved grants to PRHC of \$4,141,599 [2023 – \$5,082,124] for capital assets, minor equipment and education. Grants to PRHC recorded on the statement of operations and changes in fund balances of \$3,788,625 [2023 – \$5,062,566] includes approved funding during the year, net of adjustments related to the settlement of previously approved funding.
- [c] During the year, the Foundation reimbursed \$1,391,703 [2023 – \$1,254,992] to PRHC related to operating expenses incurred on behalf of the Foundation.
- [d] PRHC provides the Foundation with the use of office space and other services at no cost to the Foundation.
- [e] These transactions occur in the normal course of business and are recorded at their exchange amounts, which is the amount agreed upon by both parties.

7. Pension plan and post-retirement benefits

The Foundation employees are members of the Healthcare of Ontario Pension Plan [“HOOPP” or 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.

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Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. Each year an independent actuary determines the funding status of the Plan. The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is fully funded. HOOPP's statement of financial position as at December 31, 2023 disclosed total pension obligations of \$102,454 million with net assets at that date of \$112,635 million indicating a surplus of \$10,181 million. Because the plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Hospital Association members and their employees. As a result, the Foundation does not recognize any share of the Plan surplus or deficit.

Employer contributions made to the Plan during the year by the Foundation are reflected in salaries and benefits expenses in the statement of operations and changes in fund balances and amounted to \$108,346 [2023 – \$94,894].

8. Gift shop

Donation and fundraising revenue include net revenue generated from the gift shop operation as follows:

	2024	2023
	\$	\$
Revenue	466,017	472,475
Expenses	(304,186)	(309,183)
	161,831	163,292

9. Restricted Fund

The Restricted Fund includes internally and externally restricted amounts as noted below:

	2024	2023
	\$	\$
Restricted at the discretion of the donor	11,199,825	7,332,511
Restricted at the discretion of the Board of Directors	1,626,616	1,626,616
	12,826,441	8,959,127

Donor-restricted gifts

As at the year-end, the Foundation had numerous restricted gifts under its control. These funds are established as restricted donations are received and collapsed when the funds have been fully expended for their restricted purpose.

Peterborough Regional Health Centre Foundation

Notes to financial statements

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Internally restricted funds

The Foundation has created an internally restricted Board Operating Reserve Fund within the Restricted Fund to provide emergency funds for operating the Foundation should the need arise. Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

10. Endowment fund

- [a] The Endowment Fund represents funds that are set aside and invested to produce an annual and dependable source of income for specific donor designated purposes, to support annual funding priorities of PRHC or to support the operations of the Foundation.

The Endowment Fund consists of the following:

	2024	2023
	\$	\$
Externally endowed funds	979,353	895,807
Internally endowed funds	5,455,735	4,951,206
	6,435,088	5,847,013

- [b] The Foundation has a policy designed to protect the real value of endowments by limiting the amount of net investment income made available for spending and requiring the reinvestment of income not made available for spending. The amount currently made available for spending is 5.0%.

The preservation of capital [i.e., any excess net investment income earned above the amount made available for spending] is recorded as revenue of the endowed fund for externally endowed funds. For board endowed unrestricted funds, the preservation of capital is recorded as income of the unrestricted fund and transferred to the endowed fund in the statement of operations and changes in fund balances. For board endowed restricted funds, the preservation of capital is recorded as income of the restricted fund and transferred to the endowed fund in the statement of operations and changes in fund balances. In any year, should net investment income be insufficient to fund the spending amount calculated in accordance with the Foundation's policy, an amount is transferred to the restricted and unrestricted funds.

Any undistributed funds are returned to the Endowment Fund.

For the year ended March 31, 2024, net investment income of \$568,847 was earned on endowments, of which, \$276,497 was allocated for the preservation of capital. Of this amount, \$42,605 related to externally endowed funds and was recorded as investment income in the Endowment Fund. Capital preservation of \$164,354 and \$69,537 related to internally endowed funds was recorded in investment income in the Unrestricted Fund and Restricted Funds, respectively, and then transferred to the Endowment Fund [note 8].

Of the total spending allocation of \$292,351, \$187,727 was recorded in the Unrestricted Fund and \$104,624 was recorded in the Restricted Fund. As these amounts were undisbursed during the year, they were transferred from the Unrestricted and Restricted Funds, respectively, to the Endowment Fund [note 11].

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For the year ended March 31, 2023, the Foundation earned investment income of \$47,376 on the Endowment Fund. Of this amount, \$8,611 was earned on externally endowed funds and is recorded in the Endowment Fund. The remaining \$38,765 was earned on internally endowed funds, of which \$27,663 was recorded in the Unrestricted Fund and \$11,102] was recorded in the Restricted Fund. Undisbursed income earned on internally endowed funds of \$27,663 and \$11,102 was transferred from the Unrestricted and Restricted Funds, respectively, to the Endowment Fund *[note 11]*.

11. Interfund transfers

Interfund transfers that relate to the reallocations of funds and administrative allocations have been effected in accordance with the Board of Directors' approved policies.

Interfund transfers consist of the following:

	2024		
	Unrestricted Fund	Restricted Fund	Endowment Fund
	\$	\$	\$
Undisbursed investment income earned on externally endowed funds <i>[note 10[b]]</i>	(14,029)	(30,997)	45,026
Undisbursed investment income earned on internally endowed funds <i>[note 10[b]]</i>	(173,698)	(73,627)	247,325
	(187,727)	(104,624)	292,351
Amounts transferred to internally endowed funds at the discretion of the Board of Directors <i>[note 10[b]]</i>	(164,354)	(69,537)	233,892
	(352,081)	(174,161)	526,242
	2023		
	Unrestricted Fund	Restricted Fund	Endowment Fund
	\$	\$	\$
Undisbursed investment income earned on internally endowed funds <i>[note 10[b]]</i>	(27,663)	(11,102)	38,765
Shortfall of investment income earned on amounts made available for disbursement	—	10,541	(10,541)
Other transfers at the discretion of the Board of Directors	(4,271)	—	4,271
	(31,934)	(561)	32,495

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Notes to financial statements

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12. Financial instruments and risk management

The Foundation is exposed to various financial risks through transactions in financial instruments. Most of these risks are related to investments. To manage the risks related to investments, the Foundation has determined an investment strategy and asset mix that reflects a total investment return consistent with capital preservation, risk tolerance and liquidity needs of the Foundation. An investment policy was established to monitor and limit risks across asset classes, as well as the total portfolio. If the measured risk of the portfolio exceeds the limits set by the policy, actions will be taken to reduce the portfolio's risk.

Credit risk

The Foundation is exposed to credit risk in connection with its short-term and fixed income investments because of the risk of financial loss caused by a counterparty's potential inability to fulfill its contractual obligations. Further, the Foundation has cash in a major financial institution in excess of the amount insured by agencies of the federal government. To manage credit risk exposure, the Foundation only invests in high-quality securities. Fixed limits are established for individual counterparties and these are monitored regularly.

Interest rate risk

The Foundation is exposed to interest rate risk with respect to its investments in fixed income securities and pooled funds that hold fixed income securities, because the fair value of financial instruments or future cash flows associated with these instruments will fluctuate due to changes in market interest rates. The Foundation manages its investments based on its cash flow needs and with a view to optimizing its interest income.

The Foundation is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and current liabilities.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Foundation has investments in US equities, the value of which fluctuates in part as a result of changes in foreign exchange rates. The Foundation mitigates its foreign currency risk exposure by limiting the extent of foreign currency exposure to US and other foreign equities.

Market risk

Market risk arises from the possibility that changes in equity prices will affect the value of investments held by the Foundation. The Foundation endeavours to mitigate this risk by adopting an investment policy that provides appropriate portfolio diversification.

13. Comparative financial statements

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the March 31, 2024 financial statements.