

Financial Statements of

**ORILLIA SOLDIERS' MEMORIAL
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of Orillia Soldiers' Memorial Hospital Foundation

Opinion

We have audited the financial statements of Orillia Soldiers' Memorial Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2024
 - the statement of operations and changes in fund balances for the year then ended
 - the statement of cash flows for the year then ended
 - and the notes to the financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity 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 responsibility under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 Entity'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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Entity'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 the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 the events or conditions that may cast significant doubt on the Entity'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 Entity's 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 17, 2024

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	General Fund	Restricted Fund	Endowment Funds	2024	2023
Assets					
Cash (note 2)	\$ 328,379	\$ -	\$ -	\$ 328,379	\$ 4,456,490
Accounts receivable	139,041	-	-	139,041	88,424
Prepaid expenses	174,075	-	-	174,075	46,296
Inventory	4,989	-	-	4,989	-
	646,484	-	-	646,484	4,591,210
Investments (note 3)	8,646,467	-	3,645,146	12,291,613	11,305,888
Capital assets (note 4)	1,342,581	-	-	1,342,581	1,269,432
Due (to) from general fund (note 5)	(4,706,307)	4,701,624	4,683	-	-
	\$ 5,929,225	\$ 4,701,624	\$ 3,649,829	\$ 14,280,678	\$ 17,166,530

Liabilities and Fund Balances

Current liabilities:					
Accounts payable and accrued liabilities	\$ 60,468	\$ -	\$ -	\$ 60,468	\$ 35,284
Deferred revenue	75,510	-	-	75,510	88,835
Payable to Orillia Soldiers' Memorial Hospital (note 6)	1,235,605	-	-	1,235,605	3,260,529
	1,371,583	-	-	1,371,583	3,384,648
Fund balances:					
Externally restricted	-	4,701,624	3,649,829	8,351,453	10,037,752
Unrestricted	4,557,642	-	-	4,557,642	3,744,130
	4,557,642	4,701,624	3,649,829	12,909,095	13,781,882
	\$ 5,929,225	\$ 4,701,624	\$ 3,649,829	\$ 14,280,678	\$ 17,166,530

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	2024		2023		Endowment Funds						2024	2023
	General Fund		Restricted Fund		Education		Family Practice		Designated		Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue:												
Donations	\$ 868,597	\$ 872,236	\$ 1,591,859	\$ 3,055,670	\$ 17,230	\$ 14,521	\$ -	\$ -	\$ 133,268	\$ 37,592	\$ 2,610,954	\$ 3,980,019
Bequests	88,339	1,727,236	-	-	-	-	-	-	-	-	88,339	1,727,236
Signature events	687,478	526,126	-	-	-	-	-	-	-	-	687,478	526,126
Lottery	723,735	618,055	-	-	-	-	-	-	-	-	723,735	618,055
Investment income	170,270	310,608	-	-	165,320	53,152	11,801	3,812	168,418	52,799	515,809	420,371
Unrealized investment gain (loss)	483,179	(227,784)	-	-	(61,082)	(49,793)	(4,338)	(3,531)	(60,038)	(48,060)	357,721	(329,168)
Rental income	36,442	31,228	-	-	-	-	-	-	-	-	36,442	31,228
Other income	(45,466)	28,346	-	-	-	-	-	-	-	-	(45,466)	28,346
	3,012,574	3,886,051	1,591,859	3,055,670	121,468	17,880	7,463	281	241,648	42,331	4,975,012	7,002,213
Expenses:												
General and office	15,823	21,813	-	-	-	-	-	-	-	-	15,823	21,813
General fundraising	22,042	52,080	-	-	-	-	-	-	-	-	22,042	52,080
Promotion, advertising and marketing	25,870	77,568	-	-	-	-	-	-	-	-	25,870	77,568
Insurance	11,566	11,950	-	-	-	-	-	-	-	-	11,566	11,950
Legal, accounting and professional fees	160,931	111,464	-	-	-	-	-	-	-	-	160,931	111,464
Meeting, education, dues and travel	20,975	46,574	-	-	-	-	-	-	-	-	20,975	46,574
Wages and benefits	1,063,939	1,074,322	-	-	-	-	-	-	-	-	1,063,939	1,074,322
Campaign	57,132	61,278	-	-	-	-	-	-	-	-	57,132	61,278
Signature events	227,659	92,750	-	-	-	-	-	-	-	-	227,659	92,750
Direct mail	11,878	67,311	-	-	-	-	-	-	-	-	11,878	67,311
Lottery	529,567	422,387	-	-	-	-	-	-	-	-	529,567	422,387
Property and occupancy	40,613	33,146	-	-	-	-	-	-	-	-	40,613	33,146
Investment management	40,984	39,344	-	-	8,792	8,517	623	604	8,520	8,254	58,919	56,719
Donations - other	-	4,360	-	-	2,000	2,000	-	-	-	-	2,000	6,360
Amortization of capital assets	69,759	61,047	-	-	-	-	-	-	-	-	69,759	61,047
	2,298,738	2,177,394	-	-	10,792	10,517	623	604	8,520	8,254	2,318,673	2,196,769
Excess (deficiency) of revenue over expenses before undernoted items	713,836	1,708,657	1,591,859	3,055,670	110,676	7,363	6,840	(323)	233,128	34,077	2,656,339	4,805,444
Other items:												
Transfer to Orillia Soldiers' Memorial Hospital	(93,670)	(151,191)	(3,435,456)	(3,485,701)	-	(7,288)	-	-	-	-	(3,529,126)	(3,644,180)
Excess (deficiency) of revenue over expenses	620,166	1,557,466	(1,843,597)	(430,031)	110,676	75	6,840	(323)	233,128	34,077	(872,787)	1,161,264
Fund balances, beginning of year	3,744,130	1,878,033	6,717,113	7,583,585	1,546,106	1,545,578	111,666	110,789	1,662,867	1,502,633	13,781,882	12,620,618
Interfund transfers (note 7)	193,346	308,631	(171,892)	(436,441)	(16,510)	453	(0)	1,200	(4,944)	126,157	-	-
Fund balances, end of year	\$ 4,557,642	\$ 3,744,130	\$ 4,701,624	\$ 6,717,113	\$ 1,640,272	\$ 1,546,106	\$ 118,506	\$ 111,666	\$ 1,891,051	\$ 1,662,867	\$ 12,909,095	\$ 13,781,882

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (872,787)	\$ 1,161,264
Adjustments for:		
Amortization of capital assets	69,759	61,047
Unrealized (gain) loss on investments	(357,721)	329,168
	(1,160,749)	1,551,479
Changes in non-cash working capital:		
Accounts receivable	(50,617)	156,903
Prepaid expenses	(127,779)	8,771
Inventory	(4,989)	17,390
Accounts payable and accrued liabilities	25,184	(132,119)
Deferred revenue	(13,325)	55,585
Payable to Orillia Soldiers' Memorial Hospital	(2,024,924)	2,434,072
	(3,357,199)	4,092,081
Investing activities:		
Increase in investments	(628,004)	(1,008,495)
Purchase of capital assets	(142,908)	(70,467)
	(770,912)	(1,078,962)
Net (decrease) increase in cash	(4,128,111)	3,013,119
Cash, beginning of year	4,456,490	1,443,371
Cash, end of year	\$ 328,379	\$ 4,456,490

See accompanying notes to financial statements.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

The Orillia Soldiers' Memorial Hospital Foundation (the "Foundation") was incorporated without share capital under the laws of Ontario. The Foundation is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

The Foundation is principally involved in raising funds for the benefit of the Orillia Soldiers' Memorial Hospital. The fund balances and operations of the Foundation are ultimately for the benefit of the Orillia Soldiers' Memorial Hospital. The Foundation is an independent legal entity from the Hospital and therefore these financial statements have not been consolidated with the Hospital.

1. Significant accounting policies:

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. The Foundation's significant accounting policies are as follows:

(a) Basis of presentation:

In order to ensure observance and restrictions placed on the use of resources, the accounts are maintained in accordance with the principles of fund accounting.

The General Fund accounts for the Foundation's program delivery, fundraising and administrative activities. This fund reports unrestricted resources.

The Restricted Fund reports resources that are to be used for designated purposes specified by the donor.

The Endowment Fund reports resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported as income of the Fund.

- (i) The Education Endowment Fund has been established to support staff, physician and general education for Orillia Soldiers' Memorial Hospital. The education endowment categories are the Linda Lewis, Brian McGugan, Michael "Keyman" McParland, Sheila MacFeeters, Reid Family Scholarship and general use.
- (ii) The Dr. A. Charles Baillie & Mr. Wm. A. Hume Family Practice Fund has been established for the purpose of supporting physician recruitment.
- (iii) The Designated Endowment Fund has been established to support various programs within the hospital in memory of Aidan and Brent Hammill, William Blair Ashmore, Rosemary and Brian Turnbull, Donald Kendall, Mike Dodd and Miles Hammond.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Revenue recognition:

The financial statements are prepared according to the restricted fund method of accounting. Under this method, the following principles have been applied.

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- Contributions including pledges and donations are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- In-kind donations are recorded at their appraised value.

(c) Contributed services:

Contributions of services are not recognized in the financial statements.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are amortized on a straight-line basis over their estimated useful life as follows:

	Estimated Useful Lives - Years
Buildings	25
Building improvements	10
Parking lot improvements	15
Computer equipment	3
Computer software	2
Furniture and equipment	10

(e) Use of estimates:

The preparation of the financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates. These estimates are reviewed annually, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets classified as either "held for trading", "held to maturity", "available-for-sale" or "loans and receivables" and financial liabilities are classified as either "held-for-trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with changes in the fair value recorded in the statement of revenue and expenses. Financial assets classified as held to maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method.

The Foundation has classified its financial instruments as follows:

- Cash is classified as held-for-trading.
- Investments are classified as held-for-trading.
- Account receivables are classified as held-for-trading.
- Accounts payable and accrued liabilities are classified as other liabilities.

The carrying value of cash, investments, account receivable and accounts payable approximate their fair value due to the relatively short periods of maturity of these items.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial assets is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Cash:

The Foundation's bank accounts are held at one chartered bank. The bank accounts earn interest at a variable rate.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

3. Investments:

Investments consist of:

	2024		2023	
	Cost	Market Value	Cost	Market Value
Guaranteed investment certificates	\$ 1,050,500	\$ 1,050,500	\$ 1,000,000	\$ 1,000,000
Equity and fixed income	10,831,089	11,224,639	10,209,192	10,290,925
Accrued interest	16,474	16,474	14,963	14,963
	\$ 11,898,063	\$ 12,291,613	\$ 11,224,155	\$ 11,305,888

The guaranteed investment certificates earn interest at a rate of 5.3% and mature December 16, 2024.

4. Capital assets:

	2024		
	Cost	Accumulated amortization	Net book value
Land	\$ 350,000	\$ –	\$ 350,000
Buildings and parking lot improvements	1,286,873	354,465	932,408
Computer equipment	51,938	40,913	11,025
Furniture and equipment	81,189	32,041	49,148
Computer software	21,798	21,798	–
	\$ 1,791,798	\$ 449,217	\$ 1,342,581

	2023		
	Cost	Accumulated amortization	Net book value
Land	\$ 350,000	\$ –	350,000
Buildings and parking lot improvements	1,180,158	301,069	879,089
Computer equipment	51,938	30,094	21,844
Furniture and equipment	44,995	26,496	18,499
Computer software	21,798	21,798	–
	\$ 1,648,889	\$ 379,457	\$ 1,269,432

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

5. Due (to) from general fund:

The due (to) from General Fund represent the portion of investments relating to Restricted Fund. As the Foundation does not segregate investments between the General Fund and Restricted Fund, the amount of Restricted Fund investments is shown as a receivable from the General Fund.

6. Related party transactions:

The Foundation receives and maintains funds to support equipment, programs and education at Orillia Soldiers' Memorial Hospital. During the year, the Foundation transferred \$3,596,973 (2023 - \$3,644,180) to the Orillia Soldiers' Memorial Hospital.

At year end, there was a balance of \$1,235,605 (2023 - \$3,260,529) due to Orillia Soldiers' Memorial Hospital.

7. Interfund transfers:

Interfund transfers represent donations and other revenues transferred between the General Fund, Restricted Fund and Endowment Funds, net of internal cost allocations and other adjustments. As of March 31, 2024, the Foundation has allocated \$3,500,000 from the general fund to the restricted fund for the future hospital project.

8. Financial risk and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(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 2023.

(c) 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 those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Foundation's financial instruments are carried at fair value with fair value changes recognized in the statement of operations and changes in fund balances, all changes in market conditions will directly result in an increase (decrease) in the excess of revenue over expenses. Market price risk is managed by the Foundation through a diversified portfolio of instruments traded on various markets and across various industries.

ORILLIA SOLDIERS' MEMORIAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

8. Financial risk and concentration of risk (continued):

(d) Interest rate risk:

Interest rate risk is the risk that the market value of the Foundation's investments will fluctuate due to changes in market interest rates. To properly manage the Foundation's interest rate risk, appropriate guidelines on the weighting of bonds and other fixed income investments are set and monitored. The Foundation's investments in fixed income are sensitive to interest rate movements.

9. Capital disclosures:

The Foundation considers its capital to be its fund balances, including general, restricted and endowment fund balances. The Foundation receives externally restricted donations from numerous donors to be used for specific purposes. 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 Orillia Soldiers' Memorial Hospital 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.