

North York General Hospital Foundation
Consolidated Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Board of Governors of North York General Hospital Foundation

Opinion

We have audited the consolidated financial statements of North York General Hospital Foundation (the "Foundation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as at March 31, 2024, and its consolidated results of operations and its consolidated 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 Consolidated 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 consolidated 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.

Other Matter

The financial statements of the Foundation for the year ended March 31, 2023 were audited by another auditor who expressed an unqualified opinion on those statements on June 14, 2023.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Foundation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
June 18, 2024

North York General Hospital Foundation
Consolidated Statement of Financial Position

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

Assets

Current

Cash and cash equivalents	\$ 7,405,490	\$ 7,652,648	
Short-term investments (Note 4(a))	-	3,349,027	
Accounts receivable	<u>265,481</u>	<u>196,575</u>	
	7,670,971	11,198,250	

Investments (Note 4(a))	92,354,815	84,404,172	
Capital assets (Note 3)	<u>36,379</u>	<u>22,405</u>	

\$ 100,062,165 **\$ 95,624,827**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 142,502	\$ 143,018	
Deferred revenue	60,541	37,086	
Due to North York General Hospital (Note 5(a))	<u>326,849</u>	<u>279,385</u>	
	529,892	459,489	

Fund Balances

General Fund	8,406,997	3,627,297	
Restricted Funds	21,975,961	26,702,264	
Endowment Funds	<u>69,149,315</u>	<u>64,835,777</u>	
	99,532,273	95,165,338	

\$ 100,062,165 **\$ 95,624,827**

On behalf of the Board:

Director

Director

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

North York General Hospital Foundation
Consolidated Statement of Operations and Changes in Fund Balances

For the year ended March 31

	General Fund		Restricted Funds		Endowment Funds		Total	Total
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue								
Contributions	\$ 4,668,052	\$ 3,010,770	\$ 10,192,393	\$ 10,101,844	\$ 161,858	\$ 164,124	\$ 15,022,303	\$ 13,276,738
Events	9,751	16,556	617,325	1,420,723	198,841	222,746	825,917	1,660,025
	4,677,803	3,027,326	10,809,718	11,522,567	360,699	386,870	15,848,220	14,936,763
Investments								
Investment income (loss) (Note 4(b))	9,278,794	(1,782,587)	2,555,826	2,395,953	-	-	11,834,620	613,366
Investment management fees	(542,094)	(394,384)	-	-	-	-	(542,094)	(394,384)
	8,736,700	(2,176,971)	2,555,826	2,395,953	-	-	11,292,526	218,982
Expenses								
Administrative	2,329,134	804,707	1,247,563	1,245,890	-	-	3,576,697	2,050,597
Fundraising	2,041,179	2,475,263	-	-	-	-	2,041,179	2,475,263
Events	38,191	-	194,041	959,128	-	-	232,232	959,128
	4,408,504	3,279,970	1,441,604	2,205,018	-	-	5,850,108	5,484,988
Excess (deficiency) of revenue over expenses before grants	9,005,999	(2,429,615)	11,923,940	11,713,502	360,699	386,870	21,290,638	9,670,757
Grants to North York General Hospital (Note 5)	(289,486)	(417,509)	(16,634,217)	(13,703,022)	-	-	(16,923,703)	(14,120,531)
Excess (deficiency) of revenue over expenses and grants	8,716,513	(2,847,124)	(4,710,277)	(1,989,520)	360,699	386,870	4,366,935	(4,449,774)
Fund balance, beginning of year	3,627,297	2,835,260	26,702,264	28,717,786	64,835,777	68,062,066	95,165,338	99,615,112
Interfund transfers (Note 6)	(3,936,813)	3,639,161	(16,026)	(26,002)	3,952,839	(3,613,159)	-	-
Fund balance, end of year	\$ 8,406,997	\$ 3,627,297	\$ 21,975,961	\$ 26,702,264	\$ 69,149,315	\$ 64,835,777	\$ 99,532,273	\$ 95,165,338

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

North York General Hospital Foundation
Consolidated Statement of Cash Flows

For the year ended March 31

2024

2023

Cash provided by (used in)

Operating activities

Excess (deficiency) of revenue over expenses and grants	\$ 4,366,935	\$ (4,449,774)
Adjustments required to reconcile excess (deficiency) of revenue over expenses and grants to net cash provided by operating activities		
Change in fair value of investments (Note 4(b))	(6,830,263)	4,775,013
Non-cash investment management fees	573,798	428,655
Reinvested investment income	(4,382,734)	(5,003,980)
Amortization of capital assets	8,692	7,969
Changes in non-cash working capital balances (Note 7)	1,497	(438,810)
	(6,262,075)	(4,680,927)

Investing activities

Purchase of capital assets	(22,666)	(22,660)
Purchase of investments	(68,809,869)	-
Proceeds from sale of investments	74,847,452	2,578,403
	6,014,917	2,555,743

Decrease in cash and cash equivalents during the year

(247,158) (2,125,184)

Cash and cash equivalents, beginning of year

7,652,648 9,777,832

Cash and cash equivalents, end of year

\$ 7,405,490 \$ 7,652,648

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

North York General Hospital Foundation

Notes to Financial Statements

March 31, 2024

1. Purpose and Organization

Basis of Operations

North York General Hospital Foundation (the “Foundation”) is incorporated without share capital under the laws of the Province of Ontario. The Foundation is a public foundation registered under the Income Tax Act (Canada) (the Act) and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. The Foundation must meet certain requirements under the Act to maintain this status.

The Foundation is dedicated to providing financial resources for North York General Hospital (the “Hospital”) on an ongoing basis. This financial support is provided through the systematic process of identifying and acquiring financial resources from the community. The Foundation is committed to raise funds through annual appeals, corporate and individual solicitations, endowment funds, planned giving, special events and tributes.

2. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Foundation and its subsidiary, the Benjamin Herbert Birstein Trust #5, in which the Foundation has effective control.

Management has prepared these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

The following summary of significant accounting policies is set forth to facilitate the understanding of these consolidated financial statements.

Fund Accounting

The consolidated financial statements include the following funds:

- the General Fund comprises mainly amounts available for immediate use for the general purpose of the Foundation as determined by the Board of Governors;
- the Restricted Fund comprises amounts that are to be used for specific purposes as specified by the donors or as stipulated by the fundraising appeal; and
- the Endowment Fund comprises amounts to be maintained permanently as specified by the donors.

North York General Hospital Foundation

Notes to Financial Statements

March 31, 2024

2. Significant Accounting Policies (continued)

Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue of the General Fund in the year received. Restricted contributions for specific purposes are recognized as revenue of the Restricted Fund unless the capital is to be maintained permanently, in which case the contributions are recognized as revenue of the Endowment Fund. Pledges are not recorded in these consolidated financial statements, as they are not legally enforceable claims.

The Foundation recognizes revenue for special events in the year in which the event occurs.

Investment income (loss)

Investment income (loss) is accrued as it is earned. Investment income (loss) includes dividend and interest income and changes in the fair value of investments, net of investment management fees. Unrestricted investment income (loss) earned on the General Fund, Restricted Fund and Endowment Fund is recognized as revenue of the General Fund. Subsequently, unrealized gains and losses relating to the Endowment Fund are then transferred from the General Fund to the Endowment Fund (note 6). Investment income in the Restricted Fund is calculated at 3.5% (except that funds designated to Research Chairs are calculated at 4%) of the Endowment Fund and is allocated as specified by the donor.

Contributed goods and services

Donated capital assets, materials and services are recorded at fair value when fair value can be reasonably estimated. During fiscal 2024, the Foundation recorded contributed goods and services in the amount of \$11,036 (2023 – \$64,166).

Contribution securities

Gifts of publicly traded securities are recognized at estimated fair value based on the published closing price on the date of receipt, when such information is available, or other estimated fair value as applicable.

Volunteer fundraising activities

The work of the Foundation is dependent on the volunteer fundraising activities of many members. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these consolidated financial statements.

Allocation of expenses

Payroll expenses are classified and reported as administrative, and fundraising based on the level of benefit received by each function.

For employees who perform a combination of administrative and fundraising related activities, their salaries, benefits and all other payroll related costs are allocated based on the percentage of time dedicated to the activity.

Such allocations are reviewed annually, updated and applied on a prospective basis.

North York General Hospital Foundation

Notes to Financial Statements

March 31, 2024

2. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that have a term to maturity of approximately three months or less from the date of purchase unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives as follows:

Furniture and equipment	Straight-line over five years
Computer equipment	Straight-line over five years

The useful lives and amortization rates of capital assets are reviewed periodically, and any adjustments are recognized in the consolidated statement of operations and changes in fund balances in the year in which the changes are identified.

When a capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations and changes in fund balances. A write-down is not reversed.

Financial Instruments

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

Financial Asset/Liability	Classification
Cash and cash equivalents	Amortized cost
Investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to North York General Hospital	Amortized cost

Investments are measured at fair value based on prices quoted in an active market based on trade date. Changes in fair value are recorded in the consolidated statement of operations and changes in fund balances. Transaction costs are expensed as incurred.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset shall be written down and the resulting impairment loss shall be recognized in the consolidated statement of operations and changes in fund balances for the year.

North York General Hospital Foundation Notes to Financial Statements

March 31, 2024

2. Significant Accounting Policies (continued)

Use of Estimates

In preparing the consolidated financial statements using ASNPO, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and fund balances and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses and changes in fund balances for the year. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the year in which they become known. Actual results could differ from those estimates.

3. Capital Assets

	Accumulated		2024	2023
	Cost	Amortization		
Furniture and equipment	\$ 171,920	\$ 171,920	\$ -	\$ 531
Computer equipment	271,283	234,904	36,379	21,874
	\$ 443,203	\$ 406,824	\$ 36,379	\$ 22,405

4. Investments and Investment Income

The Foundation manages a significant portion of its investments in pooled funds managed by external investment managers.

a) Investments consist of the following:

	2024	2023
Unsettled redemption	\$ -	\$ 3,349,027
Fixed income fund	32,787,510	7,775,108
Equity fund	59,567,305	11,196,812
Balanced Fund	-	65,432,252
	\$ 92,354,815	\$ 87,753,199

b) Investment income (loss) is made up of the following:

	2024	2023
Change in fair value of investments	\$ 6,830,263	\$ (4,775,013)
Interest and dividends	5,004,357	5,388,379
	\$ 11,834,620	\$ 613,366

North York General Hospital Foundation Notes to Financial Statements

March 31, 2024

5. Related Party Transactions

The Hospital is an independent corporation without share capital and has an independent Board of Directors. The Hospital is considered to have significant influence over the Foundation, as there are common board members between the two organizations. The Hospital provides the Foundation premises on a rent-free basis, the value of which has not been recorded in the consolidated financial statements. The Hospital also provides certain services to the Foundation including payroll processing and information technology systems support at no charge. In turn, the Foundation, in its ongoing fundraising activities, provides the Hospital with public relations services, the value of which has not been recorded in the consolidated financial statements.

a) The amount payable to the Hospital relates to grants, salaries and other operating expenses paid by the Hospital on the Foundation's behalf. The payment terms are similar to those for trade payables.

b) The amounts paid to the Hospital, which have been expensed in the consolidated statement of operations and changes in fund balances, are as follows:

	2024	2023
Salaries	\$ 3,736,936	\$ 3,153,977
Other	41,553	42,396
	\$ 3,778,489	\$ 3,196,373

6. Interfund Transfers

	2024		
	General Fund	Restricted Fund	Endowment Fund
Transfer of net investment income on endowed funds from the General Fund to the Endowment Fund	\$ (4,607,237)	\$ -	\$ 4,607,237
Transfer of administrative, management and other expenses related to endowments (i)	670,398	-	(670,398)
Other transfers to reflect donors	26	(16,026)	16,000
	\$ (3,936,813)	\$ (16,026)	\$ 3,952,839

North York General Hospital Foundation Notes to Financial Statements

March 31, 2024

6. Interfund Transfers (continued)

	2023		
	General Fund	Restricted Fund	Endowment Fund
Transfer of net investment income on endowed funds from the General Fund to the Endowment Fund	\$ 2,917,271	\$ -	\$ (2,917,271)
Transfer of administrative, management and other expenses related to endowments (i)	704,888	-	(704,888)
Other transfers to reflect donors	17,002	(26,002)	9,000
	\$ 3,639,161	\$ (26,002)	\$ (3,613,159)

i) The interfund transfer represents an allocation of 12% of eligible endowed donations received in the year and 1% on the Endowment Fund balance transferred from the Endowment Fund to the General Fund. Both allocations are to cover administrative costs of administering the funds.

The interfund transfers have been approved by the Board of Governors.

7. Changes in Non-Cash Working Capital Items

	2024	2023
Accounts receivable	\$ (68,906)	\$ (17,979)
Accounts payable and accrued liabilities	(516)	36,180
Due to North York General Hospital	47,464	(4,223)
Deferred revenue	23,455	(452,788)
	\$ 1,497	\$ (438,810)

8. Financial Risk Management

The Foundation is subject to market, currency, interest rate and credit risks with respect to its financial instruments. These risks have not changed from the prior year.

Market Risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss. To manage this risk, the Foundation invests in pooled funds representing a mix of local and international securities.

Currency Risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's investments include non-Canadian equities, the value of which fluctuates in part due to changes in foreign exchange rates.

North York General Hospital Foundation

Notes to Financial Statements

March 31, 2024

8. Financial Risk Management (continued)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation.

Credit Risk

Credit risk is the risk one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation's credit risk is primarily attributable to its accounts receivable. The balance of accounts receivable in the consolidated statement of financial position represents the Foundation's maximum exposure at the consolidated statement of financial position date. The credit risk on cash and cash equivalents and investments is limited because the counterparties are institutions with high credit. Cash and cash equivalents are held in highly rated Canadian chartered banks.

To manage these risks, the Foundation has established investment policies, which include a target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances.

9. Commitments

The Foundation has entered into contracts with third parties with respect to fundraising events and branding during the year ended March 31, 2024. Total committed costs for future payments are approximately \$616,989 (2023 – \$186,223).

10. Pension

Substantially all employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the Plan), which is a multi-employer final average pay contributory pension plan. Employer contributions made to the Plan during the year by the Foundation amount to \$294,373 (2023 – \$254,942). Should there be a contribution deficiency in the Plan, the Foundation may be required to make additional contributions to cover these deficiencies. The most recent valuation for financial reporting purposes completed by the Plan as at December 31, 2023 disclosed net assets available for benefits of \$112,635,000,000 with pension obligations of \$102,454,000,000 resulting in a surplus of \$10,181,000,000.