

Financial Statements of

**ST. MARY'S GENERAL  
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2024



**KPMG LLP**

120 Victoria Street South  
Suite 600  
Kitchener, ON N2G 0E1  
Canada  
Telephone 519 747 8800  
Fax 519 747 8811

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of St. Mary's General Hospital Foundation

### ***Opinion***

We have audited the financial statements of St. Mary's General Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and 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 presents fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its results of operations, its changes in net assets, and its cash flows 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 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 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 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 judgement 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 Entity's internal control.



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- 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 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 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

September 24, 2024

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	General Fund	Restricted Fund	2024 Total	2023 Total
<b>Assets</b>				
Current assets:				
Cash	\$ 7,007,186	\$ 6,492,543	\$ 13,499,729	\$ 7,833,102
Interest receivable	178,674	–	178,674	127,784
Gift receivable	33,933	2,050	35,983	4,645
Cash surrender value of life insurance policies (note 3)	29,783	–	29,783	28,444
Government remittances receivable	28,629	–	28,629	19,334
Prepaid expenses	49,029	–	49,029	66,408
	7,327,234	6,494,593	13,821,827	8,079,717
Investments (note 2)	25,982,553	15,740,298	41,722,851	35,251,643
Capital assets (note 4)	419,050	–	419,050	30,190
	\$ 33,728,837	\$ 22,234,891	\$ 55,963,728	\$ 43,361,550
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Due to St. Mary's General Hospital	\$ 244,991	\$ 7,637,959	\$ 7,882,950	\$ 1,007,810
Accrued liabilities	15,860	–	15,860	217,093
Deferred revenue	–	320,000	320,000	267,455
Current portion of capital lease obligation (note 5)	42,881	–	42,881	–
	303,732	7,957,959	8,261,691	1,492,358
Obligation under capital lease (note 5)	315,536	–	315,536	–
Total liabilities	619,268	7,957,959	8,577,227	1,492,358
Net assets (note 1(a)):				
Externally restricted	–	14,276,932	14,276,932	16,594,457
Unrestricted	33,109,569	–	33,109,569	25,274,735
	33,109,569	14,276,932	47,386,501	41,869,192
Commitments (note 10)				
	\$ 33,728,837	\$ 22,234,891	\$ 55,963,728	\$ 43,361,550

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

## Statements of Operations

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

	General Fund		Restricted Fund		Total	Total
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Revenue:						
Fundraising (note 7)	8,889,922	14,074,572	8,909,811	7,075,750	17,799,733	21,150,322
Investment income	3,531,651	300,505	105,454	3,286	3,637,105	303,791
Total revenues	12,421,573	14,375,077	9,015,265	7,079,036	21,436,838	21,454,113
Fundraising and administrative expenses:						
Salaries and benefits	1,725,244	1,610,323	–	–	1,725,244	1,610,323
Other fundraising	740,063	607,699	–	–	740,063	607,699
Amortization	46,822	3,845	–	–	46,822	3,845
	2,512,129	2,221,867	–	–	2,512,129	2,221,867
Excess of revenues over fundraising and administrative expenses	9,909,444	12,153,210	9,015,265	7,079,036	18,924,709	19,232,246
Donations to St. Mary's General Hospital: Funded donation	(1,921,930)	(2,007,178)	(11,485,470)	(1,085,061)	(13,407,400)	(3,092,239)
Excess (deficiency) of revenues over expenses	7,987,514	10,146,032	(2,470,205)	5,993,975	5,517,309	16,140,007

See accompanying notes to financial statements.

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

## Statement of Changes in Net Assets

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

	General Fund		Restricted Fund		Total	Total
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Net assets, beginning of year	25,274,735	15,114,997	16,594,457	10,614,188	41,869,192	25,729,185
Excess (deficiency) of revenue over expense	7,987,514	10,146,032	(2,470,205)	5,993,975	5,517,309	16,140,007
Transfer of funds (note 9)	(152,680)	13,706	152,680	(13,706)	—	—
Net assets, end of year	33,109,569	25,274,735	14,276,932	16,594,457	47,386,501	41,869,192

See accompanying notes to financial statements.

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

## Statement of Cash Flows

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

	2024	2023
Cash provided by (applied to):		
Operations:		
Excess of revenue over fundraising and administrative expenses	\$ 18,924,709	\$ 19,232,246
Donations to St. Mary's General Hospital	(13,407,400)	(3,092,239)
Items not involving cash:		
Amortization	46,822	3,845
Change in unrealized gain on investments	(1,865,712)	489,565
Changes in non-cash operating working capital:		
Interest receivable	(50,890)	(51,569)
Gift receivable	(31,338)	(4,645)
Cash surrender value of life insurance policies	(1,339)	24,628
Government remittances receivable	(9,295)	(2,901)
Prepaid expenses	17,379	(19,852)
Due to St. Mary's General Hospital	6,875,140	631,292
Accrued liabilities	(201,233)	200,854
Deferred revenue	52,545	19,280
	10,349,388	17,430,504
Investing:		
Change in investments, net	(4,605,496)	(15,217,119)
Purchase of capital asset	(44,682)	(17,415)
	(4,650,178)	(15,234,534)
Financing:		
Repayment of capital lease obligation	(32,583)	—
Increase in cash	5,666,627	2,195,970
Cash, beginning of year	7,833,102	5,637,132
Cash, end of year	\$ 13,499,729	\$ 7,833,102

See accompanying notes to financial statements.



# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

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St. Mary's General Hospital Foundation (the "Foundation") is a public charitable foundation registered under the Income Tax Act (Canada). The main activities of the Foundation are to solicit and receive donations for the advancement of St. Mary's General Hospital, Kitchener, Ontario (the "Hospital"). All of the assets of the Foundation are for the benefit of St. Mary's General Hospital.

## 1. Significant accounting policies:

The Foundation prepares its financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations in Part III of the CPA Handbook.

### (a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions.

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

The Restricted Fund reports donations with restrictions on use specified by the donors.

### (b) Revenue recognition:

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as revenue in the related endowment fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned in the endowment funds are resources that must be spent for prescribed purposes and are recognized as restricted revenue of the endowment funds.

### (c) Capital assets:

Purchased capital assets are recorded at cost. Repair and maintenance costs are charged to expense. Betterments which extend the estimated useful life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (d) Capital assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Assets	Rate
Furniture and equipment	10% - 33%
Leasehold improvements	10 years

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### (e) Contributed services:

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

### (f) Pledges:

Pledges to donate funds to the Foundation are not recorded in the accounts until such time as funds are received. As of March 31, 2024, outstanding pledges to the Foundation amounted to approximately \$4,118,967 (2023 - \$4,674,961).

### (g) Donations in kind:

Donated items which would otherwise be paid for by the Foundation are recorded at fair market value when provided. Fair market value is determined by third party valuations and invoices.

### (h) Life insurance policies:

Life insurance policies are treated as assets of the General Fund to the extent of the cash surrender value.

### (i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 1. Significant accounting policies (continued):

### (h) Financial instruments (continued):

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 asset 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.

### (i) Use of estimates:

The preparation of financial statements 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 dates of the financial statements and the reported amounts of revenue and expenses during the years. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables and accrued liabilities. Actual results could differ from those estimates.

## 2. Investments:

March 31, 2024	Book value	Fair value
Common stocks	\$ 11,491,314	\$ 14,983,453
Fixed income	21,025,345	20,890,015
Cash and cash equivalents	5,849,383	5,849,383
	<u>\$ 38,366,042</u>	<u>\$ 41,722,851</u>
March 31, 2023	Book value	Fair value
Common stocks	\$ 6,736,337	\$ 8,629,235
Fixed income	17,699,509	17,297,708
Cash and cash equivalents	9,324,700	9,324,700
	<u>\$ 33,760,546</u>	<u>\$ 35,251,643</u>

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

### 3. Life insurance policies:

The Foundation has been given life insurance policies under which it is the owner and beneficiary, and annual donations are received to cover the premiums. At March 31, 2024, the cash surrender value of the policies was \$29,783 (2023 - \$28,444) while the face value of the policies was \$735,319 (2023 - \$735,317). As the realizable amount under the policies is uncertain, the Foundation will record any gain as revenue when the final proceeds are received.

### 4. Capital assets:

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Furniture and equipment	\$ 79,908	\$ (19,275)	\$ 60,633	\$ 30,190
Leasehold improvements	391,000	(32,583)	358,417	—
	\$ 470,908	\$ (51,858)	\$ 419,050	\$ 30,190

### 5. Lease obligations:

The Company has financed its leasehold improvements by entering into a capital leasing arrangement. Capital lease repayments are due as follows:

2025	\$ 42,881
2026	42,881
2027	42,881
2028	42,881
2029	42,881
Thereafter	144,012
	358,417
Less current portion of obligations under capital lease	42,881
	\$ 315,536

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

## 6. The Physicians' Restricted Fund:

By an agreement made between the Foundation and Waterloo Region Community Foundation (the "Community Foundation") dated August 11, 1998, the Foundation transferred the assets of the Physicians' Fund held at that date to the Community Foundation to be held and invested by it as the "St. Mary's General Hospital Foundation Physicians' Fund". The assets are owned by the Community Foundation and, as such, are not shown as assets on the financial statements of the Foundation.

The fair value, and activity in the St. Mary's General Hospital Foundation Physicians' Fund of the Community Foundation for the year ended March 31, 2024 is illustrated below:

	2024	2023
Fair value, beginning of year	\$ 99,848	\$ 104,525
Increase in fund:		
Investment gain	10,871	1,159
Decreases in fund:		
Administration fees	(1,656)	(1,636)
Distribution of income component to the Foundation	(5,100)	(4,200)
	4,115	(4,677)
Fair value, end of year	\$ 103,963	\$ 99,848

## 7. Fundraising revenue:

Fundraising revenue includes the following amounts received from related parties:

	2024	2023
St. Mary's General Hospital Volunteer Association	\$ 6,894	\$ 10,075

## 8. Related party transactions:

St. Mary's General Hospital has an economic interest in the St. Mary's General Hospital Foundation. During the year, the Foundation granted \$13,407,400 (2023 - \$3,092,239) to St. Mary's General Hospital, to fund capital projects and operations. During the year, the Foundation purchased services in the amount of \$2,070 (2023 - \$28,137) from St. Mary's General Hospital.

# ST. MARY'S GENERAL HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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## 9. Transfer of funds to/from restricted:

During the current year, there was a transfer of \$152,680 for the Hausman Fund from the general fund to the restricted fund.

## 10. Commitments:

The Foundation has entered into various agreements for equipment, services and office space. The commitments for the next five years are as follows:

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2025	\$	281,421
2026		233,618
2027		232,149
2028		186,663
2029		15,555
		<hr/>
		\$ 949,406

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## 11. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation believes that it is not exposed to significant interest-rate, market, credit or cash flow risk arising from its financial instruments. There has been no change to the risk exposure from 2023.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The Foundation manages any remaining liquidity risk by monitoring its operating requirements and preparing budget forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2023.

Investments that trade in foreign markets are exposed to currency risk as the price in local terms on the foreign stock exchange is converted to Canadian dollars to determine fair value. The Foundation's overall currency positions are monitored by the portfolio manager. There has been no change to the risk exposure from 2023.