

Health Sciences North Foundation

Financial Statements

Year ended March 31, 2024



INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of the
Health Sciences North Foundation

Qualified Opinion

We have audited the financial statements of the **Health Sciences North Foundation**, which comprise the statement of financial position as at **March 31, 2024**, and the statements of operations and fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Health Sciences North 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, and current assets and net assets as at March 31, 2024 and 2023. Our independent auditor's report pertaining to the Foundation's financial statements as at and for the year ended March 31, 2023 presented as comparative figures within the accompanying financial statements, included a qualified opinion for the same matter occurring in that year.

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 qualified opinion.

INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 25, 2024

Health Sciences North Foundation
Statement of Financial Position
March 31, 2024 with comparative figures for 2023

	Unrestricted	Internally Restricted	Externally Restricted	Endowment Fund	2024	2023
Assets						
Current						
Cash and cash equivalents	\$ 1,127,176	\$ -	\$ 3,455,706	\$ 12,561	4,595,443	\$ 5,565,098
Short-term investments (note 3)	2,623,579	-	57,900	-	2,681,479	2,524,157
Accounts receivable (note 4)	600,762	-	-	-	600,762	705,026
Prepaid expenses	20,401	-	51,544	-	71,945	84,213
	4,371,918	-	3,565,150	12,561	7,949,629	8,878,494
Long-term investments (note 5)	7,259,490	-	619,134	73,236	7,951,860	6,929,608
Cash surrender value of life insurance	205,021	-	277,531	-	482,552	293,753
Interfund balances	(9,642,419)	6,402,115	3,238,150	2,154	-	-
	\$ 2,194,010	\$ 6,402,115	\$ 7,699,965	\$ 87,951	\$ 16,384,041	\$ 16,101,855
Liabilities and Fund Balances						
Current liabilities						
Accounts payable and accrued liabilities (note 6)	\$ 100,392	\$ -	\$ 1,031,115	\$ -	\$ 1,131,507	\$ 2,191,661
Due to Health Sciences North (note 7)	269,929	-	2,278	-	272,207	325,302
	370,321	-	1,033,393	-	1,403,714	2,516,963
Fund Balances						
Unrestricted fund	1,823,689	-	-	-	1,823,689	6,024,686
Internally restricted fund (note 8 (a))	-	6,402,115	-	-	6,402,115	1,402,115
Externally restricted fund (note 8 (b))	-	-	6,666,572	-	6,666,572	6,075,521
Endowment fund (note 9)	-	-	-	87,951	87,951	82,570
	1,823,689	6,402,115	6,666,572	87,951	14,980,327	13,584,892
	\$ 2,194,010	\$ 6,402,115	\$ 7,699,965	\$ 87,951	\$ 16,384,041	\$ 16,101,855

Commitments (note 13)

Credit facilities (note 14)

Approved on behalf of the Board of Directors:

Director _____ Director _____

Health Sciences North Foundation
Statement of Operations and Changes in Fund Balances
Year ended March 31, 2024 with comparative figures for 2023

	Unrestricted	Internally Restricted	Externally Restricted	Endowment Fund	2024	2023
Revenues						
Donation and fundraising	\$ 601,240	\$ -	\$ 2,517,631	\$ -	\$ 3,118,871	\$ 1,827,303
Increase in cash surrender value of life insurance policies	37,503	-	14,609	-	52,112	17,775
Payroll-related grants and subsidies	4,375	-	-	-	4,375	-
	643,118	-	2,532,240	-	3,175,358	1,845,078
Gross lottery revenue	-	-	13,832,065	-	13,832,065	16,882,117
Direct lottery expenses, including prizes	-	-	(9,585,493)	-	(9,585,493)	(11,099,802)
Contributions to NEO Kids Foundation, Northern Cancer Foundation and Health Sciences North Volunteer Association (note 6)	-	-	(3,184,929)	-	(3,184,929)	(4,336,736)
	-	-	1,061,643	-	1,061,643	1,445,579
	643,118	-	3,593,883	-	4,237,001	3,290,657
Expenses						
Wages and benefits	351,369	-	-	-	351,369	311,320
Fundraising	262,598	-	27,756	-	290,354	158,599
Professional fees	30,834	-	-	-	30,834	17,263
Donor recognition	1,923	-	19,530	-	21,453	24,994
Office and general	15,820	-	-	-	15,820	19,274
Technology	13,252	-	-	-	13,252	35,162
Bank charges and transactions fees	8,697	-	1,555	-	10,252	6,239
	684,493	-	48,841	-	733,334	572,851
Excess of revenue over expenses before undernoted items	(41,375)	-	3,545,042	-	3,503,667	2,717,806
Unrealized gain (loss) on investments	501,205	-	32,562	2,092	535,859	(406,621)
Interest and dividends	456,624	-	50,187	2,887	509,698	360,319
Municipal grants and contributions	-	-	489,394	-	489,394	699,134
Contributions from Health Sciences North (note 7)	136,687	-	-	-	136,687	-
Investment fees	(40,203)	-	(3,801)	(523)	(44,527)	(43,823)
Realized gain (loss) on investments	(201,435)	-	(9,730)	925	(210,240)	(101,107)
Excess of revenue over expenses before charitable distributions	811,503	-	4,103,654	5,381	4,920,538	3,225,708
Charitable programs	-	-	(1,404)	-	(1,404)	(3,810)
Grants to Northern Cancer Foundation	(5,000)	-	-	-	(5,000)	-
Grants to Health Sciences North and Health Sciences North Research Institute (note 7)	(7,500)	-	(3,511,199)	-	(3,518,699)	(2,070,006)
Excess of revenues over expenses	799,003	-	591,051	5,381	1,395,435	1,151,892
Fund balances, beginning of year	6,024,686	1,402,115	6,075,521	82,570	13,584,892	12,433,000
Inter-fund transfers (note 8 (a))	(5,000,000)	5,000,000	-	-	-	-
Fund balances, end of year	\$ 1,823,689	\$ 6,402,115	\$ 6,666,572	\$ 87,951	\$ 14,980,327	\$ 13,584,892

See accompanying notes to the financial statements

Health Sciences North Foundation**Statement of Cash Flows****Year ended March 31, 2024 with comparative figures for 2023**

	Total		Total
	2024		2023
Cash flows from operating activities			
Cash provided by (used for)			
Excess of revenues over expenses	\$ 1,395,435	\$	1,151,892
Items not involving cash			
Realized loss on sale of investments	210,240		101,107
Unrealized (gain) loss on investments	(535,859)		406,621
Cash surrender value of life insurance donations	(136,687)		-
Donations in-kind	(10,000)		(5,119)
Change in cash surrender value of life insurance	(52,112)		(17,775)
	<hr/> 871,017		<hr/> 1,636,726
Net change in operational working capital			
Decrease (increase) in accounts receivable	104,264		(386,512)
Decrease (increase) in prepaid expenses	12,268		(9,174)
Increase (decrease) in accounts payable and accrued liabilities	(1,060,154)		647,751
Increase (decrease) in due to Health Sciences North	(53,095)		295,499
	<hr/> (125,700)		<hr/> 2,184,290
Cash flows from investing activities			
Purchase of investments	(8,356,866)		(4,998,626)
Proceeds on the sale of investments	7,512,911		2,743,326
	<hr/> (843,955)		<hr/> (2,255,300)
Net increase (decrease) in cash and cash equivalents	<hr/> (969,655)		<hr/> (71,010)
Cash and cash equivalents, beginning of year	<hr/> 5,565,098		<hr/> 5,636,108
Cash and cash equivalents, end of year	<hr/> \$ 4,595,443	<hr/> \$	<hr/> 5,565,098

See accompanying notes to the financial statements

Health Sciences North Foundation

Notes to Financial Statements

Year ended March 31, 2024 with comparative figures for 2023

1. Status and Purpose of the Foundation

The Health Sciences North Foundation (the "Foundation") was established to collect, accumulate and distribute funds for the benefit of Health Sciences North and Health Sciences North Research Institute that provide health care services in the City of Greater Sudbury and its outlying areas. The Foundation is a registered charity incorporated without share capital under the laws of the province of Ontario and is exempt from income tax under the Income Tax Act (Canada).

2. Significant accounting policies

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook - Accounting, Canadian accounting standards for not-for-profit organizations and includes the significant accounting policies summarized below.

a) Basis of presentation

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board"). To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Transfers between the funds are made when it is considered appropriate and when appropriately authorized. These inter-fund transfers are recorded in the statement of operations and changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

The Unrestricted Fund, which accounts for the Foundation's general fundraising, granting and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes.

The Externally Restricted Fund, which includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board.

The Internally Restricted Fund, which includes the assets, liabilities, revenues and expenses related to the upkeep of the Foundation's capital assets and internally restricted funds for the future capital campaign.

The Endowment Fund, which includes those funds where either donor or internal restrictions require that the principal be invested by the Foundation permanently.

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

2. Summary of significant accounting policies (continued)

b) Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized 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 in the Unrestricted Fund. Restricted contributions are recognized as revenue in their respective restricted fund, unless the principal is to be maintained, in which case the contribution is recognized as revenue in the Endowment Fund. Event-related registration fees and sponsorship revenues are recognized when the underlying event occurs. Payroll-related grants and subsidies are recognized as revenue in the Unrestricted Fund. In-kind contributions of assets are recognized at their fair market value, contributions of services are not recognized.

Investment income includes dividend and interest income, unrealized and realized gains or losses and investment management fees and related expenses. Investment income earned on the Unrestricted, Restricted and Endowment Funds are recognized as revenue within their respective funds. Investment losses are recorded in a manner consistent with investment income.

c) Financial instruments

Financial instruments are recorded at fair market 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 an election is made 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.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if any indicators of impairment exist. 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 amount or timing of future 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.

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

2. Summary of significant accounting policies (continued)

d) Accounting estimates

The preparation of financial statements in conformity with Part III of the CPA Canada Handbook - Accounting, Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

e) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. The Foundation provides for amortization using the straight line method for its office equipment, computer equipment and signs over their estimated useful lives of five years.

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.

f) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments which are readily converted into cash.

3. Short-term investments

Short-term investments consist of the following balances:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Short-term investment funds	\$ 2,687,484	\$ 2,681,479	\$ 724,157	\$ 724,157
Guaranteed investment certificate	-	-	1,800,000	1,800,000
	\$ 2,687,484	\$ 2,681,479	\$ 2,524,157	\$ 2,524,157

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

4. Accounts receivable

Accounts receivable consist of the following balances:

	2024	2023
HST rebate receivable	\$ 312,539	\$ 266,641
Northern Cancer Foundation	150,730	211,901
NEO Kids Foundation	106,855	204,674
Other receivables	30,638	21,810
	\$ 600,762	\$ 705,026

Accounts receivable are presented at their estimated recoverable amounts net of allowances of \$Nil (2023 - \$Nil) for uncollectible accounts.

The Foundation incurs costs and makes payments on behalf of Neo Kids Foundation and Northern Cancer Foundation. The amounts receivable represents reimbursements for these amounts and are measured at the exchange amount.

5. Long-term investments

Long-term investments consist of the following balances:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds and bond funds	\$ 4,578,865	\$ 4,451,477	\$ 4,320,207	\$ 4,071,621
Corporate preferred shares	35,074	37,417	541,724	425,474
Equity and equity funds	2,777,227	3,462,966	2,049,232	2,432,513
	\$ 7,391,166	\$ 7,951,860	\$ 6,911,163	\$ 6,929,608

6. Contributions to Entities with Common Elements

The Foundation shares common elements of management with the following entities:

- NEO Kids Foundation
- Northern Cancer Foundation
- Health Sciences North Volunteer Association

Each entity is independent of the other, with their own governance structure consisting of a Board of Directors. Management reports directly to each of the Boards with respect to the entity's activities.

During the year, The Foundation made contributions to each of NEO Kids Foundation, Northern Cancer Foundation and Health Sciences North Volunteer Association in the amount of \$1,061,643 (2023 - \$1,445,579) from the funds raised through the HSN 50/50 Cash Lottery for the North.

Included in accounts payable are \$119,934 per organization (2023 - \$343,573) related to these contributions. These amounts do not bear interest and are due on demand with no scheduled repayments.

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

7. Transactions with Health Sciences North and Health Sciences North Research Institute

Health Sciences North is a public hospital and is independent of the Foundation. The Foundation raises funds of behalf of Health Sciences North to support the purchase of equipment, fund capital development as well as support research activities and other innovative opportunities with the intent of furthering healthcare in Northeastern Ontario.

Health Sciences North provides office space and related occupancy costs to the Foundation at no charge.

The Foundation reimbursed Health Sciences North for salaries and benefits of \$Nil (2023 - \$41,214) associated with Health Sciences North staff working at the Foundation.

At March 31, 2024 the Foundation owes Health Sciences North \$272,207 (2023 - \$325,302). These amounts do not bear interest and are due on demand with no scheduled repayments.

During the course of the year, the Foundation granted \$2,918,699 (2023 - \$1,620,006) to Health Sciences North and \$600,000 (2023 - \$450,000) to Health Sciences North Research Institute.

During the course of the year, Health Sciences North transferred a life insurance policy to Health Sciences North Foundation with a cash surrender value of \$136,687 (2023 - \$Nil).

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

8. Internally and Externally Restricted Fund Balances

a) Internally Restricted Fund Balances

	2024	2023
Capital campaign	\$ 6,402,115	\$ -
Medical imaging	-	1,402,115
	<u>\$ 6,402,115</u>	<u>\$ 1,402,115</u>

During the year, \$5,000,000 was transferred from the unrestricted fund to the internally restricted capital campaign fund. Additionally, \$1,402,115 was transferred from the internally restricted medical imaging fund to the internally restricted capital campaign fund in accordance with the strategic priorities of the Foundation.

b) Externally Restricted Fund Balances

	2024		Expenses and	2024
	Opening	Revenue	transfers	Ending
	Balance			Balance
Capital campaign	\$ 2,620,736	\$ 16,000	\$ (7,045)	\$ 2,629,691
Medical and academic affairs	1,901,309	16,234,483	(15,684,375)	2,451,417
VOICES for Women (note 10)	554,510	51,109	(3,801)	601,818
Critical and emergency care	442,188	58	(1,404)	440,842
Medicine program	133,705	28,787	(2,980)	159,512
Community care and rehab program	211,057	25,575	(90,916)	145,716
NEO Kids and family programming	102,552	-	-	102,552
Operation health - emerging priorities program	38,070	-	-	38,070
Mental health and addictions program	10,105	18,355	-	28,460
Nicholas Dellelce bursary	23,740	-	-	23,740
Chronic heart failure	14,306	1,725	-	16,031
Rich Griffin transplant assistance fund	13,144	-	-	13,144
Heart and soul	3,901	490,311	(489,394)	4,818
Medical imaging	-	35,315	(30,752)	4,563
Laboratory and pathology program	3,051	-	-	3,051
Pharmacy	2,087	-	-	2,087
Peter Crossgrove fund	450	-	-	450
Ethics, spiritual and religious care program	410	25,000	(25,000)	410
People relations and safety	200	-	-	200
	<u>\$ 6,075,521</u>	<u>\$ 16,926,718</u>	<u>\$ (16,335,667)</u>	<u>\$ 6,666,572</u>

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

8. Internally and Externally Restricted Fund Balances (Continued)

b) Externally Restricted Fund Balances

	2023		2023	
	Opening Balance	Revenue	Expenses and transfers	Ending Balance
Capital campaign	\$ 1,631,598	\$ 1,004,550	\$ (15,412)	\$ 2,620,736
Medical and academic affairs	1,622,566	16,956,404	(16,677,661)	1,901,309
VOICES for Women (note 10)	574,927	(16,690)	(3,727)	554,510
Critical and emergency care	442,468	3,535	(3,815)	442,188
Community care and rehab program	157,953	53,110	(6)	211,057
Medicine program	82,563	51,915	(773)	133,705
NEO Kids and family programming	102,552	-	-	102,552
Operation health - emerging priorities program	37,876	200	(6)	38,070
Nicholas Dellelce bursary	23,740	-	-	23,740
Chronic heart failure	14,106	200	-	14,306
Rich Griffin transplant assistance fund	13,144	-	-	13,144
Mental health and addictions program	5,735	21,870	(17,500)	10,105
Heart and soul	-	703,035	(699,134)	3,901
Laboratory and pathology program	3,051	-	-	3,051
Pharmacy	2,087	-	-	2,087
Peter Crossgrove fund	450	-	-	450
Ethics, spiritual and religious care program	410	30,000	(30,000)	410
People relations and safety	200	-	-	200
Medical imaging	-	64,909	(64,909)	-
	\$ 4,715,426	\$ 18,873,038	\$ (17,512,943)	\$ 6,075,521

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

9. Joe Drago Endowment Fund

The Foundation created the Joe Drago Endowment Fund in order to honour its founding chairman and life member, Joe Drago. Joe Drago's personal commitment to healthcare in Northeastern Ontario spans over 30 years. In his honour, the Joe Drago Endowment Fund will be designated for the purchase of cardiac equipment for Health Sciences North.

Contributions received by the Foundation from donors are added to the principal of the endowment and preserved. Net investment returns will be used for the intended purpose of the fund.

10. VOICES for Women

The Foundation manages a fund which has been restricted for the use of the Family and Child Program - VOICES for Women: Sudbury Sexual Assault Centre. The funds are invested separately from the general portfolio of the Foundation.

11. Healthcare of Ontario Pension Plan

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan (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.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by participating members. The most recent actuarial valuation of the plan indicates the Plan is fully funded.

Contributions to the plan made during the year by the Foundation on behalf of its employees amounted to \$75,985 (2023 - \$36,390) and are included in the statement of operations and changes in fund balances.

At December 31, 2023, the Plan had total assets of \$204 billion (2022 - \$185 billion) and an accumulated surplus of \$10 billion (2022 - \$11 billion).

Health Sciences North Foundation
Notes to Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

12. Financial instruments

The Foundation is exposed to various financial risks through transactions in financial instruments.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Foundation is exposed to this risk relating to its cash and cash equivalents, accounts receivable, cash surrender value of life insurance and investments.

The Foundation holds its cash and cash equivalents and investments with a large reputable financial institution in order to minimize risk.

The Foundation is exposed to credit risk in accounts receivable which is mainly comprised of receivables from governments as well as other charitable organizations. The Foundation minimizes this risk through management's ongoing analysis and monitoring of amounts due to the Foundation, and measures its exposure based on how long amounts have been outstanding.

The Foundation is also exposed to credit risk through its investments. The Foundation has developed policies which limit exposure to any one asset, invest through a large reputable institution and regularly monitor investment performance.

There have been no significant changes from the previous year in the exposure to this risk.

b) Liquidity risk

Liquidity risk is the risk that an organization cannot repay its obligations when they have become due to its creditors. The Foundation is exposed to this risk relating to its accounts payable and accrued liabilities and amounts due to Health Sciences North. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of working capital to repay creditors as and when required.

There have been no significant changes from the previous year in the exposure to this risk.

Health Sciences North Foundation
Notes to Financial Statements
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12. Financial instruments (continued)

c) Market risk

Market risk is the risk that the fair value of an investment or future cash flows will be impacted by changes in market factors. These factors can be caused by changes in an underlying investment or factors affecting the market as a whole. The Foundation is exposed to market risk associated with certain of its investments. The fair market value of these investments fluctuate over time due to a variety of financial market factors. During the year, the Foundation continued to manage and control its exposure to market risk within its set policy parameters while maximizing investment returns.

During the year the Foundation realized losses on investment sales of \$210,240 (2023 - \$101,107) and unrealized gains on its investments of \$535,859 (2023 - losses of \$406,621).

There have been no significant changes from the previous year in the exposure to this risk.

d) Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will affect the market value or future cash flows of financial instruments. The Foundation is exposed to interest rate risk through its interest-bearing investments. The Foundation manages interest rate risks in its bond portfolio by investing in pooled bond funds which seek to diversify the maturity and concentration of fixed income investments within the fund. Market interest rates have contributed to an unrealized loss on corporate bonds and bond funds portfolio amounting to \$127,388 (2023 - \$248,586) and an unrealized gain on the preferred share portfolio amounting to \$2,343 (2023 – loss of \$116,250) in aggregate at year-end.

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12. Financial instruments (continued)

e) Concentration risk

Concentration risk is a risk that arises as a result of a concentration of exposure within the same category, whether it is determined on a geographical basis, an industry or sector, or a type of investment. The Foundation is exposed to concentration risk through its investments.

The Foundation is exposed to concentration risk based on the types of assets it is invested in. Each type of asset faces different types and levels of risk. The concentration of portfolio investments is as follows:

	2024	2023
Fixed income bond securities & bond funds	42%	53%
Short-term investments	25%	9%
Equities – United States	14%	9%
Equities – Canadian	10%	15%
Equities – International	8%	8%
Preferred shares	1%	6%
	100%	100%

The Foundation maintains a risk tolerance policy for investments which determines the objectives and policies the Foundation follows while investing funds. This policy defines the type and concentration of assets the Foundation can invest in as well as sets benchmarks for performance management.

13. Commitments

As at March 31, 2024 the Foundation has outstanding commitments to Health Sciences North in the amount of \$35,000 for the funding of equipment. The Foundation has also committed to Health Sciences North Research Institute the amount of \$600,000 for the fiscal year ended March 31, 2025 in support of various research projects.

Subsequent to year-end, the Foundation has committed to Health Sciences North to provide \$550,100 towards the purchase of equipment.

14. Credit facilities

The Foundation has provided a letter of credit in favour of the Alcohol and Gaming Commission of Ontario, to a maximum of \$150,000. At March 31, 2024, the Foundation had no amounts owing to the Alcohol and Gaming Commission of Ontario that were drawn under the letter of credit.

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15. Subsequent events

During the year, the Board of Health Sciences North Foundation began an operational review of the corporate structure of the Foundation, along with the Boards of NEO Kids Foundation and Northern Cancer Foundation to ensure the best interests of Health Sciences North and the donors of the Foundation are being served regarding the Foundation's mandate to collect, accumulate and distribute funds to Health Sciences North and Health Sciences North Research Institute that provide health care services in Northeastern Ontario.

Subsequent to year-end, the Board reaffirmed their support to working with NEO Kids Foundation and Northern Cancer Foundation to achieve this mandate. This process is ongoing and will impact the future operations of the Foundation, with the intent to better serve Health Sciences North and the population of Northeastern Ontario.