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Financial Statements

Stevenson Memorial Hospital Foundation

For the year ended March 31, 2025

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REILLY | BACK
Chartered Professional Accountants

To the Directors and Members of Stevenson Memorial Hospital Foundation

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Stevenson Memorial Hospital Foundation (the "Foundation") which comprise the statement of financial position as at March 31, 2025 and the statements of operations, changes in net assets, and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Stevenson Memorial Hospital Foundation as at March 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reilly Back, LLP

Reilly Back LLP
Licensed Public Accountants

Markham, Ontario
May 27, 2025

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Stevenson Memorial Hospital Foundation

Statement of Financial Position
As at March 31, 2025

	2025	2024
Assets		
Current assets		
Cash and cash equivalents (note 3)	$ 4,225,170	$ 2,842,195
Other receivables	25,901	6,998
Inventory	-	2,091
Prepaid expenses	96,059	8,039
	4,347,130	2,859,323
Other assets		
Long-term investments, at market value (note 4)	3,957,743	4,671,828
Cash surrender value of life insurance policy (note 5)	12,501	13,491
Property, plant and equipment (note 6)	11,871	11,158
	$ 8,329,245	$ 7,555,800
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 367,870	$ 241,600
Net assets		
Unrestricted	2,644,658	3,098,290
Externally restricted	5,316,717	4,215,910
	7,961,375	7,314,200
	$ 8,329,245	$ 7,555,800

Commitments (note 12)

See accompanying notes to financial statements

Approved by the Board:

Director

DocuSigned by:
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Director

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Stevenson Memorial Hospital Foundation

Statement of Operations
For the year ended March 31, 2025

	Unrestricted	Externally Restricted	2025 Total	2024 Total
Revenue				
Donations and events (notes 7, 8)	$ 705,709	$ 1,825,355	$ 2,531,064	$ 2,781,302
Investment income (note 9)	472,975	-	472,975	392,903
Lottery income	120,865	-	120,865	101,860
Sales and other income	-	-	-	1,900
Membership fees	461	-	461	538
Decrease in cash surrender value of life insurance policy	(988)	-	(988)	(1,365)
	1,299,022	1,825,355	3,124,377	3,277,138
Expenditures				
Amortization of property, plant and equipment	3,569	-	3,569	5,793
Campaign expenses	112,193	-	112,193	110,211
Investment fees	32,015	-	32,015	32,183
Lottery expenses	60,433	-	60,433	51,055
Marketing and promotion	4,905	-	4,905	4,551
Membership and association fees	1,756	-	1,756	2,604
Office supplies, computer expenses and other miscellaneous	35,729	-	35,729	29,339
Professional development	4,029	-	4,029	10,243
Professional fees and bookkeeping services	42,711	-	42,711	41,497
Wages, benefits, and management fees (notes 8, 10)	695,333	-	695,333	740,601
	992,673	-	992,673	1,028,077
Excess of revenue over expenditures before contributions	306,349	1,825,355	2,131,704	2,249,061
Contributions to Stevenson Memorial Hospital	(759,981)	(724,548)	(1,484,529)	(607,547)
Excess (deficiency) of revenue over expenditures	$ (453,632)	$ 1,100,807	$ 647,175	$ 1,641,514

See accompanying notes to financial statements

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Stevenson Memorial Hospital Foundation

Statement of Changes in Net Assets
For the year ended March 31, 2025

	Unrestricted	Externally Restricted	2025 Total	2024 Total
Net assets at beginning of year	$ 3,098,290	$ 4,215,910	$ 7,314,200	$ 5,672,686
Excess (deficiency) of revenue over expenses	(453,632)	1,100,807	647,175	1,641,514
Net assets at end of year	$ 2,644,658	$ 5,316,717	$ 7,961,375	$ 7,314,200

See accompanying notes to financial statements

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Stevenson Memorial Hospital Foundation

Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Funds derived from (applied to) operating activities		
Excess of revenue over expenses	$ 647,175	$ 1,641,514
Add (deduct) items which do not involve outlay of cash		
Amortization of equipment and other assets	3,569	5,793
Change in cash surrender value of life insurance policy	988	1,365
Realized gain on investments	(290,556)	(18,232)
Unrealized loss (gain) on investments	144,017	(97,749)
Realized loss on disposal of capital assets	657	-
	505,850	1,532,691
Add (deduct) change in non-cash working capital accounts		
Other receivables	(18,903)	(2,702)
Inventory	2,091	1,374
Prepaid expenses	(88,020)	(5,506)
Accounts payable and accrued liabilities	126,270	(349,449)
	527,288	1,176,408
Funds derived from (applied to) investing activities		
Acquisition of property, plant and equipment	(4,939)	(4,648)
Acquisition of long-term investments	(15,531,755)	(1,145,144)
Proceeds on disposition of long-term investments	16,392,381	715,864
	855,687	(433,928)
Increase in cash and cash equivalents during year	1,382,975	742,480
Cash and cash equivalents (note 3), beginning of the year	2,842,195	2,099,715
Cash and cash equivalents (note 3), end of the year	$ 4,225,170	$ 2,842,195

See accompanying notes to financial statements

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1. Nature of operations

Stevenson Memorial Hospital Foundation, (the "Foundation") is a non-profit foundation incorporated December 30, 1985 without share capital under the laws of Ontario. The Foundation accepted the transfer of the investment portfolio of Stevenson Memorial Hospital in March 1986. The purpose of the Foundation is to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time-to-time, for medical, charitable or educational purposes, within the Province of Ontario, including, without limiting the generality of the foregoing, for the support of Stevenson Memorial Hospital of Alliston. The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

2. Summary of significant accounting policies

a. *Basis of Accounting*

These financial statements have been prepared by management in accordance with Canada accounting standards for not-for-profit organization ("ASNPO") in Part III of the CPA Canada Handbook.

b. *Revenue recognition*

The Foundation follows the restricted method of accounting for donations. Donations and gifts in kind which are restricted by the donors for specific purposes are recorded as restricted funds; other donations are recorded as unrestricted. 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. The donation of a life insurance policy is recognized as revenue in the period in which legal ownership of the policy is transferred to the Foundation, in the amount of cash surrender value at that time. Subsequent changes in the cash surrender value are recognized annually as they occur. Donated securities are recognized as revenue at fair market value of the securities on the dates received.

Sales and events revenues are recognized on the accrual basis and recorded as either restricted or unrestricted based on their intended purpose.

Investment income is recognized on an accrual basis and recorded in unrestricted net assets.

Lottery income is recognized as revenue when raffle tickets are sold in unrestricted net assets.

c. *Inventory*

Inventory is stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis. Replacement cost is the amount that would be needed currently to acquire an equivalent asset.

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2. Summary of significant accounting policies - continued

d. *Contributed materials and services*

Contributed materials and services which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

e. *Property, plant and equipment*

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of the contribution. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. When property, plant and equipment no longer contribute to the Foundation's ability to provide services or the value of future economic benefits associated with the property, plant and equipment is less than its net book value, the carrying value of the property, plant and equipment is reduced to reflect the decline in the asset's value.

Property, plant and equipment are capitalized on acquisition and amortized on a straight-line basis over their useful lives, which has been estimated as follows:

Office equipment	10 years
Computer equipment	3 years
Leasehold improvements	10 years

f. *Financial instruments*

Initial and subsequent measurement

The Foundation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

In subsequent periods, equities traded in an active market are reported at fair value, with any change in fair value reported in income. The Foundation measures all other financial assets and liabilities at cost or amortized cost.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, accounts receivable, inventory, prepaid expenses, and accounts payable and accrued liabilities.

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2. Summary of significant accounting policies - continued

f. *Financial instruments - continued*

Impairment

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indicators of possible impairment. When there is an indicator of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

g. *Use of estimates*

The preparation of the Foundation's financial statements, in accordance with ASNPO, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. The principal estimates used in the preparation of the financial statements includes accrued liabilities and the useful life of property, plant and equipment. Actual results could differ from these estimates.

3. Cash and cash equivalents

	2025	2024
Cash	$ 1,942,799	$ 2,558,214
Cash held in lottery trust account	7,343	93,022
Cash held in investment portfolio	46,820	190,959
Guaranteed investment certificate bearing interest at 4% per annum, maturing December 4, 2025, including accrued interest	2,228,208	-
	$ 4,225,170	$ 2,842,195

The Foundation maintains cash balances at the Royal Bank of Canada which earn interest at Bank Prime less 1.75%.

The Foundation is exposed to credit risk as deposits are only insured up to $100,000 per institution.

The Foundation has a license with the Alcohol & Gaming Commission of Ontario to sell lottery tickets. A condition of maintaining this license is that the Foundation is required to maintain a separate bank account to account for the receipts and disbursements of this program. Cash that is maintained in the Lottery trust account is restricted for purposes of this program only.

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4. Long-term investments

	2025		2024	
	Cost	Quoted Market value	Cost	Quoted Market value
Canadian equities and bond mutual funds	$ 3,023,877	$ 3,091,436	$ 4,539,643	$ 4,671,828
U.S. equities	825,467	754,626	-	-
International equities	118,164	111,681	-	-
	$ 3,967,508	$ 3,957,743	$ 4,539,643	$ 4,671,828

Investments in securities with an active market have been included at market value based on quoted bid prices as at March 31, 2025.

Canadian equities and bond mutual funds are comprised of the outstanding shares of various Canadian public companies and a Canadian bond mutual fund. They have no fixed maturity dates. Dividends are generally received quarterly, semi-annually or annually. The maximum investment in any one Canadian company or mutual fund as at March 31, 2025 is 178,487 of TD Canadian Bond Fund – Private with a market value of $1,950,866 (cost - $1,938,012). U.S. and International equities are comprised of the outstanding shares of various U.S. and International public companies.

The maximum investment in any one industry at March 31, 2025 is the Information Technology industry with an investment at market value of $408,496 (cost - $465,191) which represents 10.3% of the total investment (11.7% of the total cost).

The amount of change in the fair value of the above instruments, designated as held-for-trading and recognized in investment income during the year, was an unrealized loss of $144,017 (2024 – $97,749 gain), see note 9.

5. Cash surrender value on life insurance policy

The Foundation is the assignee and owner of life insurance policies with death benefits totalling $100,000 and a cash surrender value totalling $12,501.

6. Property, plant and equipment

	2025			2024
	Cost	Accumulated Amortization	Net	Net
Office equipment	$ 20,083	$ 11,018	$ 9,065	$ 6,361
Computer equipment	15,000	12,194	2,806	4,797
Leasehold improvements	35,355	35,355	-	-
	$ 70,438	$ 58,567	$ 11,871	$ 11,158

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7. Donations and events

The Foundation receives a variety of donations from corporations, individuals, and other organizations. The Foundation also holds a number of fundraising events such as raffles and other third party community events.

8. Related party transactions

Stevenson Memorial Hospital (the "Hospital")

The Hospital is an independent corporation, incorporated without share capital, which has its own independent Board of Directors and is a registered charity under the Income Tax Act (Canada). The Hospital receives funds from the Foundation for the purchase of equipment and renovations to the Hospital.

Certain amounts donated to the Hospital are externally restricted.

The following table summarizes the Foundation's related party transactions with the Hospital for the year:

	2025	2024
Contributions measured at fair value at date of distribution	$ 1,484,529	$ 607,547
Administration and other costs measured at cost recovery	494,746	740,601

At the end of the year, the amount due to the Hospital measured at carrying value is $318,763 (2024 - $145,906) and is included in accounts payable and accrued liabilities.

Contributions totalling $147,909 were received from members of the Board of Directors or corporations that they control.

9. Investment income

	2025	2024
Interest	$ 160,223	$ 108,405
Dividends and mutual fund distributions	166,213	168,517
Realized gains on sale of investments	290,556	18,232
Unrealized gain (loss) on investments	(144,017)	97,749
	$ 472,975	$ 392,903

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10. Financial instruments

a. *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

To manage the market risk, the Foundation hires an outside investment manager who has regular meetings with the Board of Directors. There are also, at a minimum, yearly reviews of the investment manager and investment performance.

There have not been any changes in the risk from the prior year.

b. *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

A substantial portion of the Foundation's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Foundation mitigates interest risk on investments by diversifying the durations of the fixed-income investments that are held at any given time.

There have not been any changes in the risk from the prior year.

c. *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in quoted shares.

The Foundation manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

There have not been any changes in the risk from the prior year.

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11. Financial instrument - continued

d. *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year-end, approximately 19.1% of the Foundation's investments are in U.S. equities and approximately 2.8% of the investments are in other international equities.

The Foundation considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risk when it does hold US equities from time to time.

12. Commitments

The Foundation is committed under a service agreement in respect to its online lottery sales which requires payment of a minimum annual service fee, calculated at the greater of $15,000 or 10% of gross raffle ticket sales.