
Financial statements of Perley Health Foundation

December 31, 2023

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Independent Auditor's Report

Opinion

We have audited the financial statements of Perley Health Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 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 GAAS 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 GAAS, 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.

Deloitte LLP

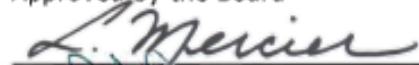
Chartered Professional Accountants
Licensed Public Accountants
May 15, 2024


Perley Health Foundation
Statement of financial position
As at December 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		1,951,176	1,197,399
Accounts receivable	3	18,397	18,563
		1,969,573	1,215,962
Investments	4	10,108,525	10,295,559
		12,078,098	11,511,521
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	61,641	59,703
Payable Perley Health	3	472,647	435,166
		534,288	494,869
Fund balances			
Restricted		1,322,403	1,577,072
Unrestricted		10,221,406	9,439,580
		11,543,809	11,016,652
		12,078,098	11,511,521

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 _____, Director

 _____, Director

Perley Health Foundation
Statement of operations and fund balances
Year ended December 31, 2023

	Notes	Restricted Fund \$	Unrestricted Fund \$	2023 Total \$	2022 Total \$
Revenue					
Donations		—	796,157	796,157	858,205
Capital campaign	6	1,045,681	151,053	1,196,734	1,564,286
Investment income		—	349,372	349,372	303,933
Realized gains on sale of investments		—	66,287	66,287	165,177
Other income		—	6,680	6,680	2,391
		1,045,681	1,369,549	2,415,230	2,893,992
Expenses					
Fundraising		—	429,365	429,365	555,812
Programs		—	257,738	257,738	113,974
Administrative		—	275,018	275,018	325,410
		—	962,121	962,121	995,196
Excess of revenue over expenses, before the undernoted items		1,045,681	407,428	1,453,109	1,898,796
Change in unrealized gains (losses) on investments		30,559	374,398	404,957	(643,222)
Donations to Perley Health	3	(1,330,909)	—	(1,330,909)	(1,514,024)
Excess (deficiency) of revenue over expenses		(254,669)	781,826	527,157	(258,450)
Fund balances, beginning of year		1,577,072	9,439,580	11,016,652	11,275,102
Fund balances, end of year		1,322,403	10,221,406	11,543,809	11,016,652

The accompanying notes are an integral part of the financial statements.

Perley Health Foundation**Statement of cash flows**

Year ended December 31, 2023

	2023	2022
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	527,157	(258,450)
Item not affecting cash		
Change in unrealized (gains) losses on investments	(404,957)	643,222
Changes in non-cash operating working capital items		
Accounts receivable	166	22,140
Prepaid expenses	—	9,564
Accounts payable and accrued liabilities	1,938	11,160
	124,304	427,636
Investing activity		
Net investment activity	591,991	(2,797,469)
Financing activity		
Change in payable to Perley Health	37,481	431,687
Net change in cash and cash equivalents	753,777	(1,938,146)
Cash and cash equivalents, beginning of year	1,197,399	3,135,545
Cash and cash equivalents, end of year	1,951,176	1,197,399
Cash and cash equivalents consist of:		
Cash	800,374	786,145
Cash equivalents	1,150,802	411,254
	1,951,176	1,197,399

The accompanying notes are an integral part of the financial statements.

1. Nature of organization

The Perley and Rideau Veterans' Health Centre Foundation / La Fondation du Centre de santé Perley et Rideau pour anciens combattants is operating as Perley Health Foundation (the "Foundation").

The Foundation was incorporated without share capital under Part II of the *Canada Corporations Act*. Effective January 1, 2014, the Foundation continued its articles of incorporation under the *Canada Not-for-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* (Canada) (Charitable Registration No. 12194 8038 RR 0001).

The mission of the Foundation is to raise funds to help Perley Health (the "Centre") achieve its mission: excellence in the health, safety and well-being of seniors and Veterans with a focus on innovation in person-centered and frailty-informed care and service.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations and include the following accounting policies:

Fund accounting

In accordance with the principles of fund accounting, the Foundation maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the following funds: Restricted Fund and Unrestricted Fund.

The Restricted Fund accounts for donations for specific purposes as designated by the donor.

The Unrestricted Fund accounts for the operations and administrative activities of the Foundation. This Fund reports unrestricted contributions.

Revenue recognition

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

Restricted contributions are recognized as revenue of the Restricted Fund in the year received.

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

Because of the uncertainty of the collectability of pledges, the Foundation only recognizes pledges in the year received.

Investment income includes interest income and dividends and is recognized when earned.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with financial institutions, demand deposits, money market funds and short-term investments with maturities of less than three months at acquisition.

2. Accounting policies (continued)

Expenses

In the statement of operations and fund balances, the Foundation presents its expenses by function.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Foundation does not allocate expenses between functions after initial recognition.

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Foundation in the transaction.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost, except for cash and cash equivalents and investments which are recorded at fair value. Unrealized gains and losses are recorded in net earnings.

Transaction costs

Transaction costs related to financial instruments subsequently measured at fair value are expensed as incurred.

Impairment

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes an impairment loss, if any in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Contributed materials and services

Volunteers contribute many hours to assist the Foundation in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. The Foundation records the value of donated materials and services (value in-kind) when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the Foundation.

2. Accounting policies (continued)

Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates are used in determining the fair value of investments and the amount of certain accrued liabilities. Actual results could differ from those estimates.

3. Perley Health

The Centre has an economic interest in the Foundation. The Foundation seeks donations for capital expansion, equipment needs, expanded resident programs and research and education. During the year ended December 31, 2023, donations to the Centre were as follows:

	Gifts in-kind	Cash donations	2023	2022
	\$	\$	\$	\$
	23,991	1,306,918	1,330,909	1,514,024

The Centre initially pays for the operating expenses of the Foundation and subsequently recovers the amounts paid from the Foundation. During the year, the Centre charged the Foundation for services related to accounting, human resources and information systems as well as occupancy in the amount of \$42,885 (\$42,044 in 2022). As at December 31, 2023, the Foundation owed the Health Centre \$472,647 (\$435,166 owed in 2022), which was non-interest bearing and without terms of repayment. The \$472,647 includes \$324,820 pertaining to the Foundation's regular operations and \$147,827 of capital campaign disbursements.

4. Investments

	FMV	% of FMV	2023			2022
	\$		Cost	FMV	% of FMV	Cost
	\$		\$	\$		\$
Canadian corporate bonds	1,984,473	20	1,992,325	3,008,677	29	3,093,521
Canadian provincial bonds	3,325,397	33	3,336,586	2,720,196	26	2,822,157
Total fixed income	5,309,870	53	5,328,911	5,728,873	55	5,915,678
Canadian equity	1,977,379	20	1,461,887	1,864,407	18	1,412,142
U.S. equity	1,557,339	15	1,039,412	1,497,738	15	1,022,074
Global equity	1,263,938	13	891,718	1,204,541	12	964,025
Total equity	4,798,656	47	3,393,017	4,566,686	45	3,398,241
	10,108,525	100	8,721,928	10,295,559	100	9,313,919

Bonds are bearing interest at rates varying from 0.08% to 11.3% (from 0.08% to 3.67% in 2022) with maturities ranging from June 28, 2024, to June 18, 2033 (from October 27, 2023, to December 18, 2028, in 2022).

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$23,177 (\$23,196 in 2022), which include amounts payable for harmonized sales tax, employer health tax and payroll-related remittances.

6. Capital campaign

In 2018, the Foundation began a new capital campaign, now called Answering the Call, to raise funds for costs associated with the Health Centre's Centre of Excellence, Village Expansion and Clinic projects. In 2020, the Centre put on hold the Village Expansion Project until further notice. Accordingly, the campaign's mandate shifted to support exceptional care at the Centre and the cost associated with the Centre of Excellence and Clinic Projects. Donations to the capital campaign received are as follows:

	2023	2022
	\$	\$
Net donations received during the year	1,196,734	1,564,286
Net donations received in prior years	6,962,086	5,397,800
Net donations received cumulative to date	8,158,820	6,962,086
Outstanding pledges as at December 31 (unaudited)	951,780	634,147
Campaign donations net of expenses	9,110,600	7,596,233
Add: cumulative capital campaign expenses	908,194	723,299
Total campaign funds raised	10,018,794	8,319,532

The 2023 income attributable to the Answering the Call campaign is composed of: \$721,534 (\$1,310,057 in 2022) of restricted Capital donations, \$151,053 (\$254,229 in 2022) of unrestricted donations transferred to the campaign and \$324,147 (nil in 2022) of restricted donations transferred to the campaign.

7. Financial instruments and risk management

The Foundation is exposed to interest rate, credit, foreign currency and other market risks from its investment portfolio.

Interest rate risk refers to the adverse consequences of interest rate changes. The Foundation has investments in bonds with fixed rates, which are subject to this risk. The value of fixed rate instruments will generally rise if interest rates fall and fall if interest rates rise.

Credit risk is the risk of financial loss if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Foundation's investments in bonds.

Foreign currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies. The Foundation's exposure to foreign currency risk arises from its holdings of non-Canadian financial instruments. At year-end, the Foundation held U.S. dollar and other foreign denominated investments for a total amount of \$2,821,277 (\$2,702,279 in 2022).

Market volatility risk is generally inherent in the Foundation's investment portfolio and refers to the extent that the fair value or future cash flows from financial instruments will fluctuate because of changes in various other market factors affecting equity prices, including general economic conditions.

The Foundation mitigates the above-noted risks through the use of investment policies and managers, whose objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return.