
Financial statements of Perley Health Foundation

December 31, 2024

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Independent Auditor's Report

To the Directors of
Perley Health Foundation

Opinion

We have audited the financial statements of Perley Health Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2024, 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, 2024, 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 14, 2025

Perley Health Foundation
Statement of financial position
As at December 31, 2024

	Notes	2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,685,299	1,951,176
Accounts receivable		11,922	18,397
		1,697,221	1,969,573
Investments	4	10,695,957	10,108,525
		12,393,178	12,078,098
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	72,353	61,641
Payable Perley Health	3	575,282	472,647
		647,635	534,288
Fund balances			
Unrestricted		11,515,119	10,221,406
Restricted		-	1,322,403
Endowment		230,423	-
		11,745,542	11,543,809
		12,393,178	12,078,098

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

Approved by the Board

 _____, Director

 _____, Director

Perley Health Foundation**Statement of cash flows**

Year ended December 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	201,733	527,157
Item not affecting cash		
Change in unrealized gains on investments	(596,599)	(404,957)
Changes in non-cash operating working capital items		
Accounts receivable	6,475	166
Accounts payable and accrued liabilities	10,712	1,938
	(377,679)	124,304
Investing activity		
Net investment activity	9,167	591,991
Financing activity		
Change in payable to Perley Health	102,635	37,481
Net change in cash and cash equivalents	(265,877)	753,777
Cash and cash equivalents, beginning of year	1,951,176	1,197,399
Cash and cash equivalents, end of year	1,685,299	1,951,176
Cash and cash equivalents consist of		
Cash	1,104,180	800,374
Cash equivalents	581,119	1,150,802
	1,685,299	1,951,176

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

Perley Health Foundation
Notes to the financial statements

December 31, 2024

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: Through storytelling and relationship building, the Foundation empowers an engaged donor community to transform the quality of life of Seniors and Veterans.

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, Unrestricted Fund and Endowment 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.

The primary purpose of the Endowment Fund is to provide a perpetual source of funding for the use of Perley Health. Eighty percent (80%) of the annual income of this fund shall be used in support of the creative arts activities of the Therapeutic Recreation and Creative Arts Program (TRCAP). The remaining twenty percent (20%) will be added yearly to the capital, up to a maximum of \$5,000,000.

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.

Investment income earned on the endowment fund that is restricted for the specific purposes in the endowment agreement is recognized as revenue for the restricted fund. The amount added to the principal is recognized as revenue for the endowment fund.

2. Accounting policies (continued)

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.

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.

Transactions costs

Transactions 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 earning in the period the reversal occurs.

2. Accounting policies (continued)

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.

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, 2024, donations to the Centre were as follows:

Gift -in-Kind	Cash donations	2024	2023
\$	\$	\$	\$
4,581	2,670,777	2,675,358	1,330,909

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 \$44,984 (\$42,885 in 2023). As at December 31, 2024, the Foundation owed the Centre \$ 575,282 (\$472,647 owed in 2023), which was non-interest-bearing and without terms of repayment and consisted of: \$237,098 (\$324,820 in 2023) pertaining to the Foundation's regular operations and \$338,184 (\$147,827 in 2023) of capital campaign disbursements.

4. Investments

	2024			2023		
	FMV	% of FMV	Cost	FMV	% of FMV	Cost
	\$		\$	\$		\$
Canadian corporate bonds	2,440,881	23	2,414,995	1,984,473	20	1,992,325
Canadian provincial bonds	2,938,149	27	2,872,892	3,325,397	33	3,336,586
Total fixed income	5,379,030	50	5,287,887	5,309,870	53	5,32,911
Canadian equity	2,187,200	20	1,501,556	1,977,379	20	1,461,887
U.S. equity	1,766,320	17	990,595	1,557,339	14	1,039,412
Global equity	1,363,407	13	932,723	1,263,938	13	891,718
Total equity	5,316,927	50	3,424,874	4,798,656	47	3,393,017
	10,695,957	100	8,712,761	10,108,525	100	8,721,928

4. Investments (continued)

Bonds are bearing interest at rates varying from 0.8% to 4.5% (from 0.08% to 11.3% in 2023) with maturities ranging from June 2, 2025 to December 1, 2033 (from June 28, 2024 to June 18, 2033 in 2023).

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$24,350 (\$23,177 in 2023), 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 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, net of related fundraising expenses, are as follows:

	2024	2023
	\$	\$
Net donations received during the year	370,398	1,196,734
Net donations received in prior year	8,158,820	6,962,086
Net donations received cumulative to date	8,529,218	8,158,820
Outstanding pledges as at December 31 (unaudited)	467,291	951,780
Less: uncollectible (unaudited)	(219,195)	—
Campaign donations net of expenses	8,777,314	9,110,600
Add: cumulative capital campaign expenses	914,391	908,194
Total campaign funds raised	9,691,705	10,018,794

The 2024 income attributable to the Answering the Call campaign is composed of: \$370,398 (\$721,534 in 2023) of restricted Capital donations, \$nil (\$151,053 in 2023) of unrestricted donations transferred to the Campaign and \$nil (324,147 in 2023) of restricted donations transferred to the Campaign.

During the fiscal year, management assessed the collectability of outstanding pledges receivable. Based on this review, a total of \$219,195 (\$nil in 2023) in campaign pledges was determined to be uncollectible. This is reflected in the statement of activities as an adjustment to the outstanding pledges. The Foundation continues to actively manage its pledge receivables to ensure accurate reporting of unexpected contributions.

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.

7. Financial instruments and risk management (continued)

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 \$3,129,727 (\$2,821,277 in 2023).

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.

8. Endowment Fund

During the year, the Foundation established a new Endowment Fund to secure long-term financial stability and support for the creative arts activities of the Ozerdinc Grimes Family Therapeutic Recreation and Creative Arts Program (the "Program") operated by Perley Health. Eighty percent (80%) of the annual investment income is to be used to support the Program, while the remaining twenty percent (20%) will be added yearly to the capital, up to a maximum of \$5,000,000.

In 2024, the Foundation transferred \$200,000 (\$nil in 2023) from the Restricted Fund to the Endowment Fund. As the donor did not place any restrictions on the capital being held in perpetuity, it is considered an internal restriction that has been made by the Board.