

Financial Statements of

**UNIVERSITY HOSPITAL
FOUNDATION**

Year ended March 31, 2024

Independent Auditor's Report

To the Board of Trustees of
University Hospital Foundation

Opinion

We have audited the financial statements of University Hospital Foundation (“the Foundation”), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in 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, the accompanying financial statements present fairly, in all material respects, the financial position of University Hospital 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 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.

Other Matter

The financial statements for the year ended March 31, 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 22, 2023.

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

Management is responsible for the preparation and fair presentation of these 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.
- 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 Organization 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.

Edmonton, Canada
June 11, 2024



Chartered Professional Accountants

UNIVERSITY HOSPITAL FOUNDATION

Financial Statements

Year ended March 31, 2024

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UNIVERSITY HOSPITAL FOUNDATION

Statement of Financial Position

As at March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,674,859	\$ 6,725,307
Restricted cash (notes 3 and 4)	8,880,105	9,371,330
Prepaid expenses and deposits	252,411	173,769
Other assets (note 4)	200,550	1,870,065
Accounts receivable (note 4)	120,265	216,284
Inventory (note 1)	111,647	-
	<u>24,239,837</u>	<u>18,356,755</u>
Investments (note 5)	178,684,138	166,437,923
Capital assets (note 6)	248,821	245,612
	<u>\$ 203,172,796</u>	<u>\$ 185,040,290</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 7)	\$ 5,850,656	\$ 4,512,982
Deferred revenue (note 4)	4,063,551	3,387,308
Current portion of obligations under capital lease (note 8)	52,860	49,607
	<u>9,967,067</u>	<u>7,949,897</u>
Obligations under capital lease (note 8)	48,100	100,960
Fund balances:		
Endowment (note 9)	17,949,850	16,593,992
Externally restricted (note 9)	129,445,889	125,147,771
Internally restricted (note 9)	17,956,029	18,080,661
Invested in capital assets	147,861	95,045
Unrestricted	27,658,000	17,071,964
	<u>193,157,629</u>	<u>176,989,433</u>
Commitments (notes 11 and 12)	<u>\$ 203,172,796</u>	<u>\$ 185,040,290</u>

See accompanying notes to financial statements.

On behalf of the Board:



Dr. Shelley Scott
Chair, Board of Trustees



Chris Burrows, FCA, FCPA
Chair, Finance & Investment Committee

UNIVERSITY HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

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

	Endowment funds	Externally restricted funds	Internally restricted funds	Invested in capital assets	Unrestricted funds	2024 Total	2023 Total
Revenue:							
Fundraising	\$ 506,449	\$ 16,116,090	\$ -	\$ -	\$ 7,015,275	\$ 23,637,814	\$ 13,979,306
Realized investment income (loss) (note 5)	-	971,901	1,796	-	4,988,132	5,961,829	(2,412,439)
Lotteries (note 4)	-	5,269,014	-	-	-	5,269,014	6,284,861
Special events	-	449,706	-	-	2,276,979	2,726,685	2,285,283
Retail (note 1)	-	-	-	-	494,296	494,296	-
Arts in health (note 1)	-	56,850	-	-	-	56,850	-
	506,449	22,863,561	1,796	-	14,774,682	38,146,488	20,137,011
Expenditures:							
Administrative	-	23	-	-	4,982,045	4,982,068	5,518,886
Lotteries (note 4)	-	5,340,718	-	-	-	5,340,718	5,256,031
Fundraising (note 10)	-	311,954	-	-	4,854,575	5,166,529	3,749,517
Special events	-	245,994	-	-	1,030,912	1,276,906	1,260,317
Investment costs	-	-	-	-	512,187	512,187	577,956
Retail (note 1)	-	-	-	-	379,256	379,256	-
Arts in health (note 1)	-	46,732	-	-	276,207	322,939	-
Amortization of equipment	-	-	-	96,009	-	96,009	79,346
	-	5,945,421	-	96,009	12,035,182	18,076,612	16,442,053
Other:							
Unrealized gain on investments (note 5)	-	1,155,392	3,194	-	9,348,767	10,507,353	1,332,254
Assumption of net assets (note 1)	-	-	-	42,036	241,396	283,432	-
Return of funds	-	(24,368)	-	-	-	(24,368)	-
	-	1,131,024	3,194	42,036	9,590,163	10,766,417	1,332,254
Excess (deficiency) of revenue over expenditures before distributions	506,449	18,049,164	4,990	(53,973)	12,329,663	30,836,293	5,027,212
Distributions to charitable organizations (note 7)	-	(14,375,886)	(133,272)	-	(158,939)	(14,668,097)	(12,427,921)
Excess (deficiency) of revenue over expenditures	506,449	3,673,278	(128,282)	(53,973)	12,170,724	16,168,196	(7,400,709)
Fund balances, beginning of year	16,593,992	125,147,771	18,080,661	95,045	17,071,964	176,989,433	184,390,142
Transfers	849,409	624,840	3,650	-	(1,477,899)	-	-
Purchase of equipment and lease principal repayment (note 6)	-	-	-	106,789	(106,789)	-	-
Fund balances, end of year	\$ 17,949,850	\$ 129,445,889	\$ 17,956,029	\$ 147,861	\$ 27,658,000	\$ 193,157,629	\$ 176,989,433

See accompanying notes to financial statements.

UNIVERSITY HOSPITAL FOUNDATION

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 16,168,196	\$ (7,400,709)
Items not involving cash:		
Amortization of equipment	96,009	79,346
Realized loss on investments	246,544	7,896,113
Unrealized (gain) on investments	(10,507,353)	(1,332,254)
Change in non-cash operating working capital:		
Decrease in accounts receivable	96,019	528,186
(Increase) in prepaid expenses and deposits	(78,642)	(18,669)
(Increase) in inventory	(111,647)	-
Decrease (increase) in other assets	1,669,515	(432,171)
Increase in accounts payable and accrued liabilities	1,337,674	1,326,189
Increase (decrease) in deferred revenue	676,243	(31,696)
	9,592,558	614,335
Financing:		
Payments on capital lease obligation	(49,607)	(46,137)
	(49,607)	(46,137)
Investments:		
Sale (purchases) of investments, net	265,933	(1,335,506)
Purchases of equipment	(57,183)	(32,681)
Board of Trustees restricted Internal Reserve	(2,293,374)	-
	(2,084,624)	(1,368,187)
Increase (decrease) in cash position	7,458,327	(799,989)
Cash position, beginning of year	16,096,637	16,896,626
Cash position, end of year	\$ 23,554,964	\$ 16,096,637
Cash position consists of:		
Cash	\$ 14,674,859	\$ 6,725,307
Restricted cash	8,880,105	9,371,330
	\$ 23,554,964	\$ 16,096,637
Non-Cash Transactions resulting from net asset transfers from Friends:		
Capital assets transfer	\$ (42,036)	\$ -
Inventory transfers	(113,116)	-
	(155,152)	-

See accompanying notes to financial statements.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

1. Nature of the organization:

The University Hospital Foundation (the "Foundation") operates under the Regional Health Authorities Foundations Regulation. The Foundation is a registered public charity under the Income Tax Act (Canada) and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The purpose of the Foundation is to seek and receive by gift, bequest, transfer, social enterprise or other, property of every nature and description and, subject to any prior trust conditions or other conditions imposed on the use of that property, to hold, use and administer the property to support innovation and excellence at the University of Alberta Hospital (the "Hospital"), the Mazankowski Alberta Heart Institute ("Heart Institute") and the Kaye Edmonton Clinic (the "Clinic") and affiliated programs as a center of excellence for patient care, education and research for the greater benefit of the people of Alberta and Canada.

On July 10, 2023, the Foundation assumed the net assets and program operations of The Friends of University Hospitals (Friends). The assumed programs use a multidisciplinary model to enhance patient experience, including: delivering evidence-based art programs to enhance patient health and wellness like Artists on the Wards program (Arts in health); offering emergency hygiene supplies and flowers to patients through the Nancy Lieberman Fund; managing the McMullen Gallery, which exhibits curated exhibitions that reflect the sensibilities and experiences of patients; operating the on-site gift shop and more.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Foundation's significant accounting policies are as follows:

(a) Fund accounting:

These financial statements include the following funds:

Endowment funds - consist of contributions for which the principal is permanently restricted by externally imposed stipulations specifying that the resources contributed be maintained permanently. Undistributed investment income is capitalized to principal as per the terms of reference.

Externally restricted funds - consist of funds, including principal and investment income, and the Foundation's share of excess of revenues over expenditures of the Full House Lottery, upon which restrictions have been imposed by the donor or external parties.

Internally restricted funds - consist of funds upon which the Board of Trustees (the "Board") has imposed restrictions. These funds represent donations and income that was initially unrestricted which the Board has restricted by program area.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

2. Significant accounting policies (continued):

Unrestricted funds - consist of contributions, retail, and investment income upon which the donors or the Board have imposed no restrictions. As unrestricted contributions are for use at the Foundation's discretion, they are available to fund operations of current and future periods as required. These funds are managed in accordance with general Board policies and may be restricted through Board motion.

(b) Full House Lottery:

The Foundation accounts for its 50% interest in the Full House Lottery using the proportionate consolidation method.

(c) Cash and cash equivalents and restricted cash:

The Foundation considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents. Restricted cash is subject to internal restrictions placed by the Board and external restrictions related to strategic partnerships, Alberta Gaming, Liquor and Cannabis ("AGLC") gaming restrictions and the Full House Lottery.

(d) Inventory:

Inventory consists of merchandise items held for resale and is valued at the lower of cost, measured on a first-in, first-out basis, and replacement cost. Retail expense represents the cost of merchandise inventory sold during the year plus direct operational costs.

(e) Financial instruments and risk management:

Investments consist of equity instruments quoted in an active market as well as investments in pooled funds and any investments in fixed income securities and equities not quoted in an active market that the Foundation designates upon purchase to be measured at fair value. Alternative investments are recorded at the net asset value per unit reported by each investment fund manager, which represents fair value.

All transactions are recorded on a settlement date basis. Transaction costs are recognized in the statement of operations and changes in fund balances in the period which they are incurred.

Derivative financial instruments are carried at fair value, with gains and losses recognized in the statement of operations and changes in fund balances in the year in which the changes in market value occur.

Other financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are recorded at fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

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Notes to Financial Statements

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

2. Significant accounting policies (continued):

Financial assets that are carried at amortized cost are assessed for impairment on an annual basis. If there are indicators of impairment, the carrying value of the financial asset is reduced to reflect the higher of its future expected cash flows and net realizable value. Should the impairment reverse in a subsequent period, the carrying value of the financial asset will be increased to the extent of the reversal, not exceeding the initial carrying value.

(f) Capital assets:

Capital assets included equipment and equipment under capital lease and is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at the rate of 25% per annum. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

(g) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions as follows:

- (i) Restricted contributions are recognized as revenue of the externally restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (ii) Unrestricted contributions and contributions for general operations 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.
- (iii) Contributions for endowments are recognized as revenue in the endowment fund.
- (iv) Pledges are recognized as revenue in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (v) Investment income earned on endowment fund resources that must be used in accordance with the condition imposed by the donor is recognized as revenue of the externally restricted fund. Investment income earned on endowment fund resources that must be added to the endowment principal is recognized as revenue of the endowment fund. Unrestricted investment income earned on endowment fund resources is recognized as revenue of the unrestricted fund. Other investment income is recognized as revenue of the unrestricted fund when earned.
- (vi) Retail revenue is recognized in the year in which the goods are sold.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

2. Significant accounting policies (continued):

(vii) Lottery and special events revenue are recognized as of the date of the lottery prize draw or event as lottery or event revenues cannot be reasonably estimated until the date of the lottery prize draw or event.

(viii) The Foundation applies for financial assistance under available government programs when eligible. Government assistance is recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred.

(h) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance and occur in the normal course of business are measured at the exchange amount being the amount of consideration agreed upon by the relevant parties. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

Accommodation and certain overhead costs incurred in the administration of the Foundation, borne by the Hospital, Heart Institute and Clinic, are not recorded in these financial statements as the value of the services is not readily determinable.

(i) Contributed materials and services:

Contributed materials and services are recorded at fair value when they would have otherwise been purchased and when a fair value can be reasonably estimated. Contributed services of volunteers are not recognized in these financial statements as their fair value cannot be reasonably determined.

(j) Allocation of fundraising and general expenses:

The Foundation classifies expenses on the Statement of Operations and Changes in Fund Balances by function and does not allocate expenses between functions.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenditures during the period. Actual results could differ from these estimates. Significant estimates included in these financial statements include the fair value of investments.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

3. Restricted cash:

Restricted cash is comprised of the following:

	2024	2023
Partnerships	\$ 4,910,792	\$ 5,728,153
Full House Lottery (note 4)	2,908,749	1,068,569
Other gaming	1,060,564	2,574,608
	<u>\$ 8,880,105</u>	<u>\$ 9,371,330</u>

4. Full House Lottery joint venture:

These financial statements include the Foundation's proportionate share (50%) of the Full House Lottery as follows:

	2024	2023
Assets		
Restricted cash	\$ 2,908,749	\$ 1,068,569
Accounts receivable	37,764	56,285
Other assets*	200,550	1,870,065
	<u>\$ 3,147,063</u>	<u>\$ 2,994,919</u>

Liabilities and Net deficiency		
Accounts payable and accrued liabilities	\$ 888,835	\$ 986,004
Deferred revenue**	4,057,551	3,387,308
	<u>4,946,386</u>	<u>4,373,312</u>

Net deficiency	(1,799,323)	(1,378,393)
	<u>\$ 3,147,063</u>	<u>\$ 2,994,919</u>

	2024	2023
Revenue	\$ 5,269,014	\$ 6,284,861
Expenditures	5,340,718	5,256,031
Distributions	698,453	1,132,395
Deficiency of revenue over expenditures and distributions	<u>(770,157)</u>	<u>(103,565)</u>
Cash from operating activities	2,755,007	991,267

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

4. Full House Lottery joint venture: (continued)

* Other assets include prize expenses related to the 2024 Lottery that were incurred during the fiscal year and are deferred until the draw date of May 09, 2024 (2023 - June 08, 2023).

**Lottery revenues related to the 2024 Lottery that were received during the fiscal year are deferred until the draw date of May 09, 2024 (2023 - June 08, 2023).

5. Investments:

	2024	2023
Bonds:		
Pooled bond funds	\$ 53,233,265	\$ 64,811,385
Total bonds	53,233,265	64,811,385
Equities:		
Canadian common shares	42,621	31,584
Canadian pooled equity funds	16,781,427	14,986,053
Global pooled equity funds	74,223,418	70,607,393
Total equities	91,047,466	85,625,030
Alternative investments:		
Infrastructure	15,679,649	15,852,128
Mortgages	16,268,987	-
Total alternative investments	31,948,636	15,852,128
Long-term restricted cash	2,293,374	-
Cash surrender value of life insurance policies	161,397	149,380
	\$ 178,684,138	\$ 166,437,923

During the year, the Foundation continued to make certain changes to its investment asset mix, including investing \$16.1 million in a mortgage fund, moving a portion of the pooled bond funds into pooled equity funds as well as making a shift within the pooled bond funds. These changes required the sale of certain funds and as a result, a loss of \$1,287,653 (2023 - \$8,566,339) was realized upon liquidation and is included in the realized loss of \$246,544 (2023 - \$7,896,113), which was offset by other realized gains.

The pooled bond funds represent an interest in funds consisting of Canadian corporate bonds, Canadian provincial and federal government bonds, mortgages, high-yield corporate bonds, foreign sovereign bonds, and emerging market debt. The pooled equity funds represent an interest in funds consisting of Canadian, U.S, and global equities. The mortgage fund represents an interest in a fund consisting of commercial, retail, industrial and residential mortgages. The investment in infrastructure is held through a minority interest in a limited partnership. As a limited partner, the Foundation may receive a portion of the income earned by the partnership throughout the year which is recorded as partnership income.

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Notes to Financial Statements

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

5. Investments (continued):

The Foundation has outstanding investment commitments of nil (2023 - \$16,100,000).

The Foundation believes it is not exposed to significant liquidity risk as the vast majority (91%, 2023 - 90%) of investments are held in instruments that are liquid and can be disposed of to settle commitments.

Investment income is comprised of:

	2024	2023
Interest income	\$ 3,673,398	\$ 2,876,600
Dividend income	2,049,311	2,229,728
Partnership income	485,664	377,346
Realized (loss)	(246,544)	(7,896,113)
Realized investment income (loss)	5,961,829	(2,412,439)
Unrealized gain	10,507,353	1,332,254
	\$ 16,469,182	\$ (1,080,185)

6. Capital assets:

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 1,463,492	\$ 1,316,080	\$ 147,412	\$ 93,282
Assets under capital lease	209,925	116,216	93,709	144,630
Assets under construction	7,700	-	7,700	7,700
	\$ 1,681,117	\$ 1,432,296	\$ 248,821	\$ 245,612

7. Related party transactions:

The Foundation provides donations of money and gifts in kind to the Hospital, Heart Institute and Clinic. These donations allow the Hospital, Heart Institute and Clinic to provide equipment, patient services, education and research not funded from other sources. The cash donations are included in distributions to charitable organizations.

At March 31, 2024, accounts payable and accrued liabilities includes \$1,641,114 (2023 - \$1,597,427) payable to Alberta Health Services ("AHS") for certain salaries and services paid by AHS on the Foundation's behalf as well as distributions to the Hospital, Heart Institute and Clinic in support of research and patient care programs.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

8. Obligations under capital lease:

The Foundation has entered into two lease agreements for equipment, expiring in the fiscal year ending 2026 and 2028, respectively. Obligations for lease payments are as follows:

	2024	2023
2024	\$ -	\$ 57,457
2025	57,457	57,457
2026	40,637	40,637
2027	6,996	6,996
2028	2,166	2,166
Total minimum lease payments	107,256	164,713
Less amount representing interest at 6.37%	(6,296)	(14,146)
Present value of net minimum capital lease payments	100,960	150,567
Less current portion of obligations under capital lease	(52,860)	(49,607)
	\$ 48,100	\$ 100,960

9. Fund balances:

	Endowment	Externally restricted	Internally restricted
As at March 31, 2024			
Ambulatory care	\$ -	\$ 5,199,088	\$ -
Cardiology	2,509,544	36,374,004	126,698
Digital health & precision health	-	392,400	-
Facility & site	581,353	9,817,730	262,525
General systems intensive care unit	590,620	63,277	-
High priority needs	6,261,602	20,870,845	3,213,388
Medicine	3,188,141	15,357,800	963,276
Mental health & addiction	909,656	1,296,718	-
Neurology	1,357,411	19,588,811	13,161,959
Oncology	1,653,164	2,584,956	228,183
Prostate & urology	16,347	7,412,332	-
Renal	-	1,877,246	-
Research	33,235	2,340,596	-
Surgery & trauma	-	517,520	-
Transplantation	639,350	3,873,408	-
Urgent & critical care	209,427	1,879,158	-
Total	\$ 17,949,850	\$ 129,445,889	\$ 17,956,029

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

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

9. Fund balances (continued):

As at March 31, 2023	Endowment	Externally restricted	Internally restricted
Ambulatory care	\$ -	\$ 1,524,727	\$ -
Cardiology	2,070,748	34,118,942	121,708
Digital health & precision health	-	1,486,299	-
Facility & site	555,471	9,696,859	262,525
General systems intensive care unit	444,333	42,497	-
High priority needs	5,941,202	19,122,045	3,009,738
Medicine	3,017,850	14,814,380	963,276
Mental health & addiction	825,804	1,500,147	-
Neurology	1,301,718	18,438,990	13,495,231
Oncology	1,586,530	2,703,643	228,183
Prostate & urology	15,688	8,108,312	-
Renal	-	3,266,119	-
Research	30,916	3,373,122	-
Surgery & trauma	-	672,712	-
Transplantation	603,781	4,362,703	-
Urgent & critical care	199,951	1,916,274	-
Total	\$ 16,593,992	\$ 125,147,771	\$ 18,080,661

10. Additional information to comply with the disclosure requirement of the Charitable Fund Raising Act and Regulation:

During the year ended March 31, 2024, \$2,682,449 (2023 - \$1,887,916) was paid as remuneration to employees whose principal duties involve fundraising.

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11. Pledge commitments:

The Foundation has pledges of \$14,521,498 (2023 - \$12,050,399) from donors which have not been recognized as revenue at March 31, 2024. Revenue will be recognized once collection is reasonably assured. Receipt of the amounts pledged is expected by the Foundation as follows:

	2024	Thereafter
Cardiology	\$ 313,000	\$ 416,618
Facility & Site	250,000	900,000
High Priority Needs	457,725	900,500
Medicine	40,000	5,000
Neurology	2,783,506	4,322,149
Oncology	10,000	20,000
Prostate & Urology	1,025,000	3,018,000
Renal	20,000	40,000
Total	\$ 4,899,231	\$ 9,622,267

12. Funding commitments:

The Foundation has the following cumulative funding commitments, which are expected to be fulfilled within the next five years:

	2024	2023
Ambulatory care	\$ 42,000	\$ -
Cardiology	13,202,411	14,741,637
Digital health & precision health	392,074	1,486,299
Facility & site	11,445,378	9,198,221
Medicine	7,291,028	3,582,471
Neurology	25,658,274	23,902,727
Oncology	1,049,559	1,382,975
Prostate & urology	711,639	2,207,735
Renal	807,970	2,106,877
Research	2,978,720	5,369,682
Surgery & trauma	416,055	-595,346
Transplantation	1,623,183	-213,750
Urgent & critical care	500,000	500,000
Total	\$ 66,118,291	\$ 65,287,720

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13. Financial risks:

Income and financial returns on investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate, foreign exchange and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Foreign exchange risk relates to the possibility that the investments will change in value due to fluctuations in foreign currencies. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Through fiscal 2024, the impact of COVID-19 on the economy continued to decline, however high inflation and rising interest rates impacted the economy throughout the year. Even so, the Foundation has continued to operate with relatively minimal disruption including returning to in-person events but continues to manage discretionary spend as needed.

These risks are mitigated by compliance with the Foundation's investment policies, which prescribe the investment asset mix including the degree of liquidity and concentration and the amount of foreign content.

Changes in interest rates and credit ratings are the main cause of changes in the fair value of government securities and corporate bonds resulting in a favorable or unfavorable variance compared to book value. Credit risk is mitigated by investing in securities such that an average credit rating of A or better is achieved and diversifying the securities between government, government backed and corporate issuers. Interest rate risk is mitigated by managing maturity dates and payment frequency. The Foundation limits credit risk associated with other financial assets by dealing with counterparties that it believes are creditworthy.

The Foundation does not use derivative instruments to alter the effects of interest, market and foreign exchange risks

14. Comparative information:

Certain comparative information has been reclassified to conform with the presentation adopted in the current year.