

Financial Statements

Thunder Bay Regional Health Sciences
Foundation

March 31, 2023

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Independent Auditor's Report

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To the Directors of
Thunder Bay Regional Health Sciences Foundation

Opinion

We have audited the financial statements of Thunder Bay Regional Health Sciences Foundation ("the Foundation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, 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 Thunder Bay Regional Health Sciences Foundation as at March 31, 2023, 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.

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 a 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 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Thunder Bay, Canada
September 19, 2023

Chartered Professional Accountants
Licensed Public Accountants

Thunder Bay Regional Health Sciences Foundation

Statement of Financial Position

As at March 31

2023

2022

\$

\$

ASSETS

Current

Cash	17,270,598	11,416,740
Investments, at fair value <i>[note 3[a]]</i>	8,196,061	14,271,087
Accounts receivable	29,258	7,701
Prepaid expenses	17,447	23,354
Interest receivable <i>[note 3[b][iii]]</i>	120,000	120,000
Total current assets	25,633,364	25,838,882

Non-current assets

Long-term interest receivable <i>[note 3[b][iii]]</i>	287,789	287,789
Long-term investments <i>[note 3[b]]</i>	5,723,741	99
Promissory note receivable <i>[note 3[b][ii]]</i>	1,500,000	1,500,000
Total non-current assets	7,511,530	1,787,888

Property and equipment, net <i>[note 4]</i>	21,150	24,278
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33,166,044 27,651,048

LIABILITIES AND FUND BALANCES

Current

Accounts payable	245,078	167,329
Due to Thunder Bay Regional Health Sciences Centre <i>[note 5]</i>	365,653	363,120
Deferred revenue	-	114,969
Total current liabilities	610,731	645,418

Fund balances

Restricted <i>[schedule 1]</i>	23,147,713	19,589,931
Unrestricted	9,386,450	7,391,421
Investment in property and equipment	21,150	24,278
Total fund balances	32,555,313	27,005,630

33,166,044 27,651,048

See accompanying notes to the financial statements.

On behalf of the Board:

Director


Director


Thunder Bay Regional Health Sciences Foundation

Statement of Operations

Year ended March 31

	General Fund		Restricted Funds			
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
			<i>[schedule 1]</i>			
REVENUE						
Donations	437,208	639,537	3,112,588	3,507,426	3,549,796	4,146,963
Lotteries, net <i>[note 12]</i>	3,153,613	6,043,311	3,917,333	973,589	7,070,946	7,016,900
Events, net <i>[note 12]</i>	-	-	369,035	60,414	369,035	60,414
Grant	1,470	2,096	9,030	8,935	10,500	11,031
Bank interest	151,606	24,336	167,661	9,054	319,267	33,390
Investment income	169,263	98,335	399,907	463,476	569,170	561,811
Realized gain (loss) on sale of investments	(148,514)	29,509	(515,900)	133,683	(664,414)	163,192
	3,764,646	6,837,124	7,459,654	5,156,577	11,224,300	11,993,701
EXPENSES						
Amortization	9,087	11,063	-	-	9,087	11,063
Bank charges	3,544	4,464	21,769	19,029	25,313	23,493
Catering/meetings	1,856	391	11,397	7,926	13,253	8,317
Conference and seminars	2,011	1,342	12,350	5,721	14,361	7,063
Fundraising	27,226	26,585	204,034	170,949	231,260	197,534
Investment fees	26,216	10,596	58,161	57,509	84,377	68,105
Memberships	1,198	1,520	7,360	6,482	8,558	8,002
Office	6,919	7,472	36,525	31,859	43,444	39,331
Professional fees	10,918	14,445	67,071	61,582	77,989	76,027
Salaries and benefits	184,518	207,362	1,133,472	884,016	1,317,990	1,091,378
Travel	1,589	1,731	9,758	7,380	11,347	9,111
	275,082	286,971	1,561,897	1,252,453	1,836,979	1,539,424
Excess of revenue over expenses before the following	3,489,564	6,550,153	5,897,757	3,904,124	9,387,321	10,454,277
Parking revenue <i>[note 13]</i>	2,340,142	2,188,864	-	-	2,340,142	2,188,864
Parking expenses <i>[note 13]</i>	(2,183,172)	(2,051,426)	-	-	(2,183,172)	(2,051,426)
	156,970	137,438	-	-	156,970	137,438
Unrealized gain (loss) on investments	(118,373)	196,627	(223,526)	406,143	(341,899)	602,770
	38,597	334,065	(223,526)	406,143	(184,929)	740,208
Excess of revenue over expenses before donations	3,528,161	6,884,218	5,674,231	4,310,267	9,202,392	11,194,485
Donations <i>[note 5]</i>	1,541,299	2,208,570	2,111,410	1,040,798	3,652,709	3,249,368
Excess of revenue over expenses for year	1,986,862	4,675,648	3,562,821	3,269,469	5,549,683	7,945,117

See accompanying notes to the financial statements.

Thunder Bay Regional Health Sciences Foundation

Statement of Changes in Fund Balances

Year ended March 31

	<u>General Fund</u>		<u>Restricted Funds</u>		
		Investment in Property and Equipment			
	Unrestricted		2023 Total	2023 Total	2022 Total
	\$	\$	\$	\$	\$
			<i>[schedule 1]</i>		
Balance, beginning of year	7,391,421	24,278	19,589,931	27,005,630	19,060,513
Excess of revenue over expenses for year	1,986,862	-	3,562,821	5,549,683	7,945,117
Net change in investment in property and equipment	3,128	(3,128)	-	-	-
Interfund transfers	5,039	-	(5,039)	-	-
Balance, end of year	9,386,450	21,150	23,147,713	32,555,313	27,005,630

See accompanying notes to the financial statements.

Thunder Bay Regional Health Sciences Foundation

Statement of Cash Flows

Year ended March 31	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenses for year		
General Fund	1,986,862	4,675,648
Restricted Funds	3,562,821	3,269,469
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash		
Amortization	9,087	11,063
Realized loss (gain) on investments		
General Fund	148,514	(29,509)
Restricted Funds	515,900	(133,683)
Unrealized loss (gain) on investments		
General Fund	118,373	(196,627)
Restricted Funds	223,526	(406,143)
Loss on disposal of capital assets	973	-
	6,566,056	7,190,218
Net change in non-cash working capital balances related to operations <i>[note 6]</i>	(50,337)	(108,526)
Cash provided by operating activities	6,515,719	7,081,692
INVESTMENT ACTIVITIES		
Purchase of property and equipment	(6,932)	(8,844)
Sale (purchase) of investments, net	(654,929)	1,279,300
Cash provided by (used by) investment activities	(661,861)	1,270,456
FINANCING ACTIVITIES		
Repayment of loan	-	(30,000)
Cash used in financing activities	-	(30,000)
Increase in cash during year	5,853,858	8,322,148
Cash, beginning of year	11,416,740	3,094,592
Cash, end of year	17,270,598	11,416,740

See accompanying notes to the financial statements.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

GENERAL

The Thunder Bay Regional Health Sciences Foundation ("Foundation") is incorporated under the laws of Ontario as a corporation without share capital and is a registered charity under the Income Tax Act. Its principal activity is the raising of capital funds for use in the Thunder Bay Regional Health Sciences Centre. This activity is undertaken through donation receipts and campaigns.

1. AMENDMENTS TO ACCOUNTING POLICIES

The Canadian Accounting Standards Board recently issued amendments to Section 3400 Revenue, which provide additional guidance on the application of requirements related to identifying the units of account, multiple-element arrangements, the percentage of completion method, reporting revenue gross or net, and bill and hold arrangements.

The Foundation adopted the amendments as at April 1, 2022 and applied the new accounting policy retrospectively. As a result of applying the amendments, there were no impacts on the Foundation's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The standards require entities to select policies appropriate for their circumstances from choices provided in the specific standards. Following are details of the choices selected by the Foundation and applied in these financial statements.

Revenue recognition

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

Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Restricted Fund.

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

Investment income earned on restricted fund resources is recognized in the appropriate Restricted Fund. Other investment income is recognized as revenue of the General Fund when earned. Changes in fair value of investments are recognized in the statement of operations in the appropriate fund.

Lottery revenue and revenue from special events are recognized in the fiscal year in which the lottery or event is concluded. Revenue related to lotteries for which prize draws and events take place subsequent to the year-end is deferred.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year. Since these services are not normally purchased by the Foundation and because of the difficulty of determining fair market value, donated services are not recognized in these financial statements.

Property and equipment

Property and equipment are recorded at cost. Computer equipment and furniture are amortized using the straight-line method over five years and the donor recognition system is amortized using the straight-line method over ten years. Amortization is expensed in the General Fund.

Pledges

Pledges to donate funds to the Foundation are not recorded until such time as the funds are received, as they do not represent legally enforceable claims against donors.

Exchange translation

A portion of the Foundation's investment activity is transacted in U.S. dollars. Transactions denominated in U.S. dollars are translated to Canadian dollars by applying exchange rates in effect at the transaction date. At year-end, monetary assets denominated in U.S. dollars are translated using the exchange rate at that date. Translation gains and losses are included in the statement of operations.

Fund accounting

In order to ensure observance of limitations and restrictions placed on funds administered by the Foundation, the accounts of the Foundation are maintained in accordance with the principles of "Fund Accounting". Under these principles, resources for various purposes are classified for accounting purposes into funds whose transactions are grouped together and treated in accordance with the particular activities or objectives specified.

[a] The General Fund is used to account for donations not specifically earmarked for any other fund. Accumulated funds are to be expensed for a portion of administrative and operational costs and for charitable purposes to assist the Thunder Bay Regional Health Sciences Centre and others to carry out health research projects, to fund major renovations and equipment purchases, and to provide additional support for patient care programs and services.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

- [b] The Designated Department Donations Fund is used to account for donations that have been earmarked for specific hospital departments at the Thunder Bay Regional Health Sciences Centre.
- [c] The Endowment Fund is used to account for donations where either donor or internal restrictions require that the principal must be maintained by the Foundation for a specified period of time.
- [d] The Northern Cardiac Fund is used to fund equipment for the Cardiovascular and Stroke Program.
- [e] The Northern Cancer Fund was established as a result of the integration of the Thunder Bay Regional Health Sciences Foundation and the Northern Cancer Research Foundation on April 1, 2008. The Fund consists of various cancer related funds.
- [f] The Health Sciences Discovery Fund is used to support the research efforts of the Thunder Bay Regional Health Sciences Centre.

Gifts-in-kind

The Foundation records gifts-in-kind based on their fair market value. The gifts-in-kind are recorded as donation revenue and expense in the period that they are received.

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Foundation accounts for the following as financial instruments:

- Cash
- Investments
- Accounts receivable
- Promissory note receivable
- Accounts payable
- Due to Thunder Bay Regional Health Sciences Centre

A financial asset or liability is recognized when the Foundation becomes party to contractual provisions of the instrument.

Measurement

Financial assets or liabilities obtained in arm's-length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

Financial assets and financial liabilities are subsequently measured according to the following methods:

Financial assets measured at cost or amortized cost less any reduction for impairment include cash, accounts receivable, investments in private equity instruments and promissory note receivable.

Financial assets measured at fair value include investments quoted in an active market or which the Foundation has elected to measure at fair value.

Financial liabilities measured at amortized cost include accounts payable and due to Thunder Bay Regional Health Sciences Centre.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Foundation does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Foundation initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Foundation has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

Derecognition

The Foundation removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to the statement of operations as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Property and equipment	Asset useful lives

3. INVESTMENTS

[a] Investments

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
	\$	\$	\$	\$
Fixed income (i)	1,475,976	1,347,538	7,374,587	6,840,163
Stocks	6,132,697	6,559,590	5,709,379	7,118,843
Foreign securities	280,392	288,933	245,016	312,081
	7,889,065	8,196,061	13,328,982	14,271,087

[b] Long-term investments

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
	\$	\$	\$	\$
Fixed income (i)	5,540,400	5,723,642	-	-

- i) The fixed income investments consist of guaranteed investment certificates, bonds and debentures having face value interest rates of 1.75% to 5.85% with maturities from 2024 to 2051.
- ii) In 2013, the Foundation entered into a 20 year agreement with Thunder Bay Regional Health Sciences Centre and private equity to create 2359031 Ontario Inc. and has obtained an equity ownership in the company in the amount of \$99. 2359031 Ontario Inc. is operating a medical and office building at 1040 Oliver Road on lands owned by Thunder Bay Regional Health Sciences Centre. The \$1,500,000 represents an interest bearing promissory note from 2359031 Ontario Inc. for the project with a minimum interest rate attached.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

4. PROPERTY AND EQUIPMENT

Details of year-end property and equipment balances are as follows:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer equipment	97,293	76,143	21,150	24,278
Donor recognition system	289,130	289,130	-	-
Furniture	35,521	35,521	-	-
	421,944	400,794	21,150	24,278

Amortization for the year is \$9,087 [2022 - \$11,063].

5. DONATIONS

The Thunder Bay Regional Health Sciences Centre, a recipient of the majority of the Foundation's fundraising revenue, provides payroll services and office space at no cost to the Foundation. The net amount payable of \$365,653 [2022 - \$363,120] to the Thunder Bay Regional Health Sciences Centre, consisting of capital and reimbursement of expenses, is transferred to the Centre on a monthly basis.

The following amounts were contributed to regional healthcare providers:

	2023	2022
	\$	\$
Dryden Regional Health Centre	-	16,248
The McCausland Hospital - Terrace Bay	5,416	-
North of Superior Healthcare Group	-	43,784
Thunder Bay Breast Cancer Support Group	10,000	-
Thunder Bay Regional Health Sciences Centre	3,636,293	3,189,336
Timmins Hospital Foundation	1,000	-
	3,652,709	3,249,368

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

6. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2023 \$	2022 \$
Accounts receivable	(21,557)	54,740
Prepaid expenses	5,907	(14,034)
Accounts payable	77,749	(52,482)
Due to Thunder Bay Regional Health Sciences Centre	2,533	(95,550)
Deferred revenue	(114,969)	(1,200)
	(50,337)	(108,526)

7. PLEDGES

Pledges of \$3,430,125 [2022 - \$3,678,926] made to the Foundation, but not recorded, are as follows:

	2023/2024 \$	2024/2025 \$	2025/2026 \$	Thereafter \$	Total \$
General Fund	71,740	21,400	9,000	4,000	106,140
Northern Cardiac Fund	1,745,916	142,561	119,461	417,487	2,425,425
Health Sciences Discovery Fund	804,960	93,600	-	-	898,560
	2,622,616	257,561	128,461	421,487	3,430,125

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

8. ENDOWMENT FUNDS

The Foundation's endowment funds, disclosed at fair market value, consist of externally restricted and internally restricted endowment funds, which consist of the following:

	Designation	2023 \$	2022 \$
Externally restricted			
Susan Cameron	Cancer Care	36,197	39,490
Cancer Research	Cancer Research	524,979	572,732
Bert Andreola and Vi Corazza	General Healthcare	75,833	82,731
David E. Frenette Memorial	NICU	62,081	39,577
General Endowment	General Healthcare	24,527	26,758
The General Hospital of Port Arthur School of Nursing Alumnae (1909-1970)			
Cardiology	Cardiac Care	98,627	107,598
Lloyd & Verna Gilbert	Ophthalmology Clinic	106,670	116,372
Duncan Robert Harrison Estate	General Healthcare	80,124	87,412
James R. Johnson	Cancer Research	35,623	38,864
The Joseph Kasowski	Cardiovascular	69,950	76,313
The Lorimer Family	Cardiovascular	78,484	85,060
The Vince Mirabelli Paediatric	Maternal Child	145,826	169,220
The Alexandra Cameron Paterson Memorial	Paediatrics	42,696	50,665
Dr. Douglas Rathbone Scholarship	Lab Scholarship	32,897	41,299
Ron Saddington	Leadership Education	43,083	47,002
Thunder Bay Credit Unions	Maternal Child	90,524	106,716
Anthony "Tony" Villeneuve	Cancer Research - Lung	543,551	638,520
Dr. Nicholas Escott	Pathology Scholarship	28,796	31,416
Dona J. Ree	NP Scholarship	61,751	67,323
Isabel Webster	General Healthcare	992,901	1,083,216
Other	Cancer Care	6,861	7,485
		3,181,981	3,515,769
Internally restricted			
Board Directed Northern Cardiac Fund Endowment	Cardiac Care	837,082	844,525
Board Directed General Endowment	General Healthcare	1,454,909	1,467,486
General Bequests	General Healthcare	408,835	412,432
		2,700,826	2,724,443
		5,882,807	6,240,212

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

9. FINANCIAL INSTRUMENTS

[a] Fair value

The Foundation's financial instruments are comprised of cash, accounts receivable, investments, promissory note receivable, accounts payable and due to Thunder Bay Regional Health Sciences Centre.

The fair values of cash, accounts receivable, accounts payable and due to Thunder Bay Regional Health Sciences Centre approximate their carrying value because of the short term nature of these instruments. The fair value of investments is disclosed in Note 3.

[b] Market risk

The main risk the Foundation is exposed to through its financial instruments is market risk.

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

[i] 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. Approximately 7% [2022 - 8%] of the Foundation's investments are in foreign currency.

[ii] 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 market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Given the current composition of investments, fixed-rate instruments subject the Foundation to a fair value risk while the floating-rate instruments subject it to a cash flow risk.

[iii] 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 quoted in an active market.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

[iv] Credit risk

Credit risk is the risk of financial loss to the Foundation if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Foundation's accounts receivable and investments. The Foundation mitigates its potential credit risk from accounts receivable through credit evaluation, approval, and monitoring processes. Furthermore, it evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected. The Foundation's investments must adhere to minimum quality standard ratings as stipulated in the Foundation's Investment Policy.

[v] Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet all cash flow obligations as they come due. The Foundation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

10. BEQUESTS

The Foundation is a designated beneficiary of fifteen bequests as officially notified by the Estates' Trustees. Fourteen bequests, with an approximate value of \$2.2 million, are anticipated to be disbursed in the next three years and will be recorded as donation revenue when received by the Foundation.

11. COMMITMENTS

The Foundation has committed the following to the Thunder Bay Regional Health Sciences Centre and other regional hospitals:

	\$
2024	8,331,402

The Foundation is in the midst of the "Our Hearts at Home" campaign for cardiovascular surgery and has made a multi-million dollar commitment to Thunder Bay Regional Health Sciences Centre to fund the capital project. The amount to be distributed is not included in the committed funds disclosed above as the final balance will be determined in the future as the project progresses.

The Foundation has accumulated sufficient balances in the Unrestricted General Fund and Restricted Funds to fund these commitments.

Thunder Bay Regional Health Sciences Foundation

Notes to the Financial Statements

March 31, 2023

12. EVENTS AND LOTTERIES

Events and lotteries are reported net. Gross revenue and expenses (including prizes) related to lotteries were \$19,683,416 and \$12,612,470 [2022 - \$18,443,423 and \$11,426,523] and events were \$540,261 and \$171,226 [2022 - \$95,198 and \$34,784] respectively.

13. PARKING AGREEMENT

On October 31, 2011 the Foundation entered into an agreement to lease the parking premises owned by Thunder Bay Regional Health Sciences Centre. The term of the lease was extended and expires October 31, 2026. The Foundation has entered into a lease and management agreement with the Thunder Bay Regional Health Sciences Centre whereby Thunder Bay Regional Health Sciences Centre was appointed manager of the premises. Management fees are calculated in accordance with the management agreement and are based on a percentage of parking revenues.

14. LIFE INSURANCE POLICIES

The Foundation is the designated beneficiary of five life insurance policies. Proceeds receivable on the demise of the donors will be \$120,000. The Foundation will record the revenue when the proceeds are received or receivable.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

Thunder Bay Regional Health Sciences Foundation

Restricted Funds

Schedule 1

Year ended March 31

2023

	Designated Department Donations \$	Endowment Funds \$ [note 8]	Northern Cardiac Fund \$	Northern Cancer Fund \$	Health Sciences Discovery Fund \$	Total \$
REVENUE						
Donations	842,579	23,540	1,346,240	862,250	37,979	3,112,588
Lotteries, net [note 12]	1,976,630	-	960,683	980,020	-	3,917,333
Events, net [note 12]	6,620	-	33,650	328,765	-	369,035
Grant	-	-	4,620	4,410	-	9,030
Bank interest	71,528	4,483	56,822	33,565	1,263	167,661
Investment income	-	81,163	214,525	93,165	11,054	399,907
Realized gain (loss) on sale of investments	-	(305,938)	(157,536)	(41,658)	(10,768)	(515,900)
	2,897,357	(196,752)	2,459,004	2,260,517	39,528	7,459,654
EXPENSES						
Bank charges	-	-	11,138	10,631	-	21,769
Catering/meetings	-	-	5,831	5,566	-	11,397
Conference and seminars	-	-	6,318	6,032	-	12,350
Fundraising	62,876	-	72,351	68,807	-	204,034
Investment fees	-	21,098	27,809	7,353	1,901	58,161
Memberships	-	-	3,765	3,595	-	7,360
Office	-	-	18,687	17,838	-	36,525
Professional fees	-	-	34,315	32,756	-	67,071
Salaries and benefits	-	-	579,916	553,556	-	1,133,472
Travel	-	-	4,992	4,766	-	9,758
	62,876	21,098	765,122	710,900	1,901	1,561,897
Excess of revenue over expenses before the following	2,834,481	(217,850)	1,693,882	1,549,617	37,627	5,897,757
Unrealized gain(loss) on investments	-	(74,061)	(105,738)	(37,146)	(6,581)	(223,526)
Excess of revenue over expenses before donations	2,834,481	(291,911)	1,588,144	1,512,471	31,046	5,674,231
Donations [note 5]	490,988	65,494	1,018,900	435,032	100,996	2,111,410
Excess (shortfall) of revenue over expenses for year	2,343,493	(357,405)	569,244	1,077,439	(69,950)	3,562,821
Balance, beginning of year	3,054,238	6,240,212	7,829,726	1,873,082	592,673	19,589,931
Interfund transfers	(5,039)	-	-	-	-	(5,039)
Balance, end of year	5,392,692	5,882,807	8,398,970	2,950,521	522,723	23,147,713

Thunder Bay Regional Health Sciences Foundation

Restricted Funds

Schedule 1 (continued)

Year ended March 31

2022

	Designated Department Donations \$	Endowment Funds \$ [note 8]	Northern Cardiac Fund \$	Northern Cancer Fund \$	Health Sciences Discovery Fund \$	Total \$
REVENUE						
Donations	808,396	590	2,261,694	431,121	5,625	3,507,426
Lotteries, net [note 12]	-	-	479,663	493,926	-	973,589
Events, net [note 12]	12,100	-	4,262	44,052	-	60,414
Grant	-	-	7,391	1,544	-	8,935
Bank interest	-	775	5,202	2,758	319	9,054
Investment income	-	120,215	265,357	59,946	17,958	463,476
Realized gain on sale of investments	-	37,555	72,256	16,856	7,016	133,683
	820,496	159,135	3,095,825	1,050,203	30,918	5,156,577
EXPENSES						
Bank charges	-	-	15,740	3,289	-	19,029
Catering/meetings	-	-	7,638	288	-	7,926
Conference and seminars	-	-	4,732	989	-	5,721
Fundraising	55,931	-	83,450	31,568	-	170,949
Investment fees	-	22,994	25,945	6,052	2,518	57,509
Memberships	-	-	5,361	1,121	-	6,482
Office	-	-	26,352	5,507	-	31,859
Professional fees	-	-	50,938	10,644	-	61,582
Salaries and benefits	-	-	731,223	152,793	-	884,016
Travel	-	-	6,104	1,276	-	7,380
	55,931	22,994	957,483	213,527	2,518	1,252,453
Excess of revenue over expenses before the following	764,565	136,141	2,138,342	836,676	28,400	3,904,124
Unrealized gain on investments	-	165,459	207,605	17,364	15,715	406,143
Excess of revenue over expenses before donations	764,565	301,600	2,345,947	854,040	44,115	4,310,267
Donations [note 5]	597,776	12,000	-	334,556	96,466	1,040,798
Excess (shortfall) of revenue over expenses for year	166,789	289,600	2,345,947	519,484	(52,351)	3,269,469
Balance, beginning of year	2,887,449	5,950,612	5,483,779	1,353,598	645,024	16,320,462
Balance, end of year	3,054,238	6,240,212	7,829,726	1,873,082	592,673	19,589,931