Northumberland Hills Hospital Foundation
Financial Statements
March 31, 2026

Contents

For the year ended March 31, 2026

Independent Auditor's Report

To the Board of Directors of Northumberland Hills Hospital Foundation:

Qualified Opinion

We have audited the financial statements of Northumberland Hills Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities and donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess revenues over expenses, and cash flows from operations for the year ended March 31, 2026 and the year ended March 31, 2025, current assets at March 31, 2026 and March 31, 2025, and net assets as at April 1, 2025, March 31, 2026 and March 31, 2025. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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 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 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.

MNP LLP

Lindsay, Ontario

Chartered Professional Accountants

June 2, 2026

Licensed Public Accountants

Northumberland Hills Hospital Foundation
Statement of Financial Position
As at March 31, 2026

	General Fund	*Endowment Fund*	*2026* $	*2025* $
Assets				
Current				
Cash *(Note 8)*	**114,571**	**-**	**114,571**	285,280
HST receivable	**14,132**	**-**	**14,132**	9,588
Investments (Schedule 1)	**11,580,370**	**-**	**11,580,370**	15,981,911
Interfund receivable (payable)	**(704,627)**	**704,627**	**-**	-
	11,004,446	**704,627**	**11,709,073**	16,276,779
Investments (Schedule 1)	**-**	**9,253,706**	**9,253,706**	8,893,054
	11,004,446	**9,958,333**	**20,962,779**	25,169,833
Liabilities				
Current				
Accounts payable and accrued liabilities	**80,374**	**-**	**80,374**	48,018
Accounts payable - NHH equipment purchases	**140,951**	**-**	**140,951**	793,726
Accounts payable - NHH special projects	**3,095,634**	**-**	**3,095,634**	1,747,325
Accounts payable - NHH educational program	**-**	**41,817**	**41,817**	207,532
Deferred revenue	**27,500**	**-**	**27,500**	10,000
	3,344,459	**41,817**	**3,386,276**	2,806,601
Net Assets				
Restricted *(Note 3)*	**1,032,973**	**8,590,066**	**9,623,039**	11,851,426
Internally restricted	**500,000**	**1,326,450**	**1,826,450**	1,777,085
Unrestricted	**6,127,014**	**-**	**6,127,014**	8,734,721
	7,659,987	**9,916,516**	**17,576,503**	22,363,232
	11,004,446	**9,958,333**	**20,962,779**	25,169,833

Approved on behalf of the Board of Directors

e-Signed by Carrie Low
2026-06-02 09:46:22:22 MDT
Director

e-Signed by Ian MacVicar
2026-06-01 17:07:08:08 MDT
Director

The accompanying notes are an integral part of these financial statements

Northumberland Hills Hospital Foundation
Statement of Operations
For the year ended March 31, 2026

	General Fund	*Endowment Fund*	*2026 $*	*2025 $*
Revenue				
Donations	**2,377,505**	-	**2,377,505**	1,751,630
Exceptional Community, Exceptional Care Program *(Note 3)*	**2,972,565**	-	**2,972,565**	1,667,470
Caring for Generations/Business partners	**172,754**	-	**172,754**	166,616
Signature events	**889,694**	-	**889,694**	673,448
Third party events	**116,584**	-	**116,584**	101,329
In Memoriam donations/Commemorative giving	**111,924**	-	**111,924**	99,773
Planned giving	**505,131**	-	**505,131**	1,044,073
Lotteries	**39,993**	-	**39,993**	50,361
Endowment donations	-	**322,015**	**322,015**	103,408
	7,186,150	**322,015**	**7,508,165**	5,658,108
Expenses				
Advertising	**10,491**	-	**10,491**	6,251
Bank charges and interest	**12,991**	-	**12,991**	11,317
Board/staff development and travel	**11,766**	-	**11,766**	5,441
Computer supplies and software	**13,413**	-	**13,413**	17,155
Fundraising	**93,514**	-	**93,514**	69,588
Hospital services chargeback *(Note 4)*	**6,236**	-	**6,236**	6,236
Lottery expense	**35,787**	-	**35,787**	34,284
Mailings and postage	**10,236**	-	**10,236**	10,005
Memberships	**3,709**	-	**3,709**	1,863
Office and miscellaneous	**17,540**	-	**17,540**	8,590
Printing and newsletter	**10,068**	-	**10,068**	8,976
Professional and contract services	**33,570**	-	**33,570**	28,856
Salaries and benefits *(Note 4)*	**578,845**	-	**578,845**	498,963
Stewardship	**44,844**	-	**44,844**	30,878
	883,010	-	**883,010**	738,403
Excess of revenues over expenses before investment income, expenses and distributions	**6,303,140**	**322,015**	**6,625,155**	4,919,705
Investment (income) and expenses				
Interest income	**(385,217)**	-	**(385,217)**	(542,817)
(Gain) loss on sale of investments	-	**31,991**	**31,991**	18,719
(Gain) loss on sale of donated shares	**2,603**	-	**2,603**	5,680
(Increase) decrease in unrealized gains on investments	-	**451,521**	**451,521**	(61,164)
Investment administration fees	-	**58,721**	**58,721**	54,875
Dividend income	-	**(1,135,122)**	**(1,135,122)**	(781,840)
	(382,614)	**(592,889)**	**(975,503)**	(1,306,547)
Excess of revenues over expenses before distributions to Northumberland Hills Hospital	**6,685,754**	**914,904**	**7,600,658**	6,226,252
Donations and distributions to Hospital *(Note 4)*	**(12,289,433)**	**(97,954)**	**(12,387,387)**	(4,635,005)
Excess (deficiency) of revenue over expenses	**(5,603,679)**	**816,950**	**(4,786,729)**	1,591,247

The accompanying notes are an integral part of these financial statements

Northumberland Hills Hospital Foundation
Statement of Changes in Net Assets
For the year ended March 31, 2026

	General Fund	*Endowment Fund*	***2026*** ***$***	*2025* *$*
Balance, beginning of year	**13,294,179**	**9,069,053**	**22,363,232**	20,771,985
Excess (deficiency) of revenue over expenses	**(5,603,679)**	**816,950**	**(4,786,729)**	1,591,247
	7,690,500	**9,886,003**	**17,576,503**	22,363,232
Interfund transfer - planned giving	**(50,513)**	**50,513**	**-**	-
Administration fee	**20,000**	**(20,000)**	**-**	-
Balance, end of year	**7,659,987**	**9,916,516**	**17,576,503**	22,363,232

Northumberland Hills Hospital Foundation
Statement of Cash Flows
For the year ended March 31, 2026

	General Fund	Endowment Fund	2026 $	2025 $
Cash provided by (used for) the following activities				
Operating activities				
Excess (deficiency) of revenue over expenses	**(5,603,679)**	**816,950**	**(4,786,729)**	1,591,247
Non-cash items				
Loss on sale of investments	**2,603**	**31,991**	**34,594**	24,399
Decrease in unrealized gains and losses on investments	**-**	**451,521**	**451,521**	(61,164)
	(5,601,076)	**1,300,462**	**(4,300,614)**	1,554,482
Changes in non-cash working capital balances				
HST receivable	**(4,544)**	**-**	**(4,544)**	(2,493)
Interfund receivable (payable)	**321,096**	**(321,096)**	**-**	-
Accounts payable and accrued liabilities	**32,356**	**-**	**32,356**	(6,827)
Accounts payable - NHH equipment purchases	**(652,775)**	**-**	**(652,775)**	705,389
Accounts payable - NHH special projects	**1,348,309**	**-**	**1,348,309**	1,701,646
Accounts payable - NHH educational program	**-**	**(165,715)**	**(165,715)**	91,806
Deferred revenue	**17,500**	**-**	**17,500**	(6,000)
	(4,539,134)	**813,651**	**(3,725,483)**	4,038,003
Investing activities				
Purchase of investments	**(6,128,688)**	**(1,423,867)**	**(7,552,555)**	(6,123,829)
Sale of investments	**10,497,113**	**610,216**	**11,107,329**	2,290,014
	4,368,425	**(813,651)**	**3,554,774**	(3,833,815)
Increase (decrease) in cash and equivalents	**(170,709)**	**-**	**(170,709)**	204,188
Cash and equivalents, beginning of year	**285,280**	**-**	**285,280**	81,092
Cash and equivalents, end of year	**114,571**	**-**	**114,571**	285,280

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Northumberland Hills Hospital Foundation (the “Foundation”) was incorporated without share capital under the Corporations Act, Ontario and is a charitable organization whose purpose is to raise funds for the Hospital and health care. The Foundation is a registered charity, and accordingly is exempt from income tax under section 149(1)(f) of the Income Tax Act and may issue income tax receipts to donors. The mission of the Foundation is to improve health care and the quality of life in their communities by growing and maintaining donor support for key hospital capital, program and education needs.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Foundation follows the Restricted Fund method of accounting for contributions.

The General Fund represents all ongoing fundraising activities and supports other board approved programs. The objective of the fund is to distribute up to 80% of the current year's undesignated net operating cash flow. Net operating cash flow represents total fundraising revenues less total administrative and program expenses, less designated gifts, and less 10% of the full amount of unrestricted bequests transferred to the endowment fund. Funds are disbursed upon request from the hospital for approved capital items and/or program expenses.

The General Fund includes an internally restricted fund balance for a $500,000 operating reserve.

The General Fund includes a restricted fund balance that is known in the community as The Exceptional Community, Exceptional Care Fund. These restricted funds are primarily for the purchase of diagnostic imaging equipment, the advancement of a clinical information system, redevelopment of existing hospital space, and for annual ongoing equipment renewal. In addition donor funds received for specific purposes are recognized in this fund.

The Endowment Fund consists of General and Named Endowments.

General Endowments are internally restricted and reflect 10% of the amount of general bequests received by the Foundation and unnamed endowments, to be held and invested permanently. Investment income on General Endowments is accumulated and will be disbursed annually to finance hospital capital requirements as approved by the Foundation Board and in accordance with Canada Revenue Agency requirements.

Named Endowments reflect externally restricted donation contributions, with a minimum donation amount of $100,000, the proceeds of which are to be invested and held permanently by the Foundation, and subject to individual endowment agreements entered into by the specific donor and the Foundation. The investment income will be accumulated in the fund. Disbursements of income from the fund shall be in accordance with the terms of the specific endowment and Canada Revenue Agency requirements

Foreign currency translation

Foreign currency amounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by using the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the balance sheet date. The resulting foreign exchange gains and losses are included in income in the current period.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these financial statements include, but are not limited to, accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Significant accounting policies *(Continued from previous page)*

Investments

Investments are recorded at fair value. Fair values of the investments are determined by reference to published price quotations provided by the organization's investment brokers. Realized gains and losses on the sale of investments are determined on a completed transaction basis.

Revenue recognition

Externally restricted contributions (grants, donations, equipped to care program) are recognized in the fund corresponding to the purpose for which they are contributed.

Contributions are recognized as revenue in the General Fund and consists of Donations, Caring for Generations/Business partners, Signature and Third Party events, Planned Givings, and receipts from pledges. Donation contributions received for specific equipment are also included as revenue of the General Fund, if no specific restricted fund exists.

Investment income includes dividend and interest income, realized investment gains and losses on sales of investments, and unrealized gains and losses on investments measured at fair value.

Contributed services

The Foundation would not be able to carry out its activities without the services of many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements. The value of donated gifts-in-kind have not been reflected in the records as their monetary value cannot be ascertained.

Recognition of pledges

Due to the uncertainty surrounding the collectibility of pledges, the organization does not recognize pledges until received, since they are not considered legal obligations.

Pension plan

The Foundation is part of a multi-employer defined benefit pension plan which is accounted for using defined contribution accounting. The Foundation is unable to apply defined benefit accounting since the information is controlled by an external source (see Note 5).

Financial instruments

The organization's financial assets and liabilities are recorded at fair value when acquired or issued. In subsequent periods, they are reported at cost or amortized cost less impairment, if applicable. Impairment of the financial assets is tested only when indications of a possible impairment exist. Any transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and is recognized in net income over the life of the financial instrument using the straight-line method.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances in bank accounts.

Accounting for cloud computing arrangement

The Foundation has applied the simplification approach to account for expenditures in a cloud computing arrangement. Under the simplification approach, the Foundation recognizes expenditures related to the elements in the cloud computing arrangement as an expense as incurred.

3. Restricted net assets - General Fund

	2026	*2025*
	$	*$*
Opening balance	**4,059,458**	7,006,357
Add: Donations received	**2,972,565**	1,667,470
	7,032,023	8,673,827
Less: Distributions to Hospital for Education Programs	**(97,954)**	(275,154)
Less: Distributions to Hospital for Special Projects	**(5,901,096)**	(4,246,499)
Less: Distributions to Hospital for Local Mental Health Initiatives	**-**	(92,716)
	(5,999,050)	(4,614,369)
	1,032,973	4,059,458

4. Related party transactions

During the year, the following transactions occurred between the Northumberland Hills Hospital Foundation and the Northumberland Hills Hospital. The Foundation is related to the Hospital as the Foundation's purpose is to raise funds to support the Hospital's programs, services and capital projects. Certain members of the Foundation's Board are also members of the Hospital's Board:

a) Hospital Service chargebacks of $6,236 (2025 - $6,236).

b) Personnel costs and benefits on a cost-recovery basis of $578,845 (2025 - $498,963).

c) Donations and distributions to the Northumberland Hills Hospital of $12,387,387 (2025 - $4,635,005).

The year-end accounts payable and accrued liabilities include the following amounts owed to Northumberland Hills Hospital. The following amounts have been included in the above transaction totals.

	2026	*2025*
	$	*$*
Personnel costs, benefits and chargebacks	**47,062**	37,515
Donations and distributions to the Northumberland Hills Hospital		
Equipment purchases	**140,951**	793,726
Special projects	**3,095,634**	1,747,325
Program funding	**41,817**	207,532
	3,325,464	2,786,098

These transactions are in the normal course of operations and are measured at the exchange value which represents the amount of consideration established and agreed to by the parties.

5. Pension plan

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. The Plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates to pay.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. Each year an independent actuary determines the funding status of the Plan. The most recent actuarial valuation of the Plan as at December 31, 2025 indicates the Plan is 109% (2025 - 111%) funded.

Employer contributions made to the Plan during the year by the Foundation are reflected in the statement of operations and amounted to $42,645 (2025 - $37,301).

6. Pledges

The Foundation defines a pledge as a commitment in writing with due dates extending beyond 12 months from the date the pledge is made. Pledges receivable are not reflected in the statement of financial position since they are not considered legal obligations.

The Foundation has pledges receivable of $717,021 (2025 - $4,059,194) for the Exceptional Community, Exceptional Care Fund.

7. Commitments

Capital Campaign

In January 2020, the Foundation agreed to undertake a five year comprehensive capital campaign beginning in fiscal 2021, which is designed to raise a minimum of $25,000,000 (gross) primarily for the purchase of diagnostic imaging equipment, the advancement of a clinical information system, redevelopment of existing hospital space, and for annual ongoing equipment renewal. The campaign reached its goal in September 2024 raising a total of $26.3M.

Educational Programs

The Foundation has committed to funding educational programs for staff of the Hospital. During 2026, an additional $441,495 (2025 - $314,857) was committed for the education programs. As of year-end, $56,136 (2025 - $67,621) of this commitment has been paid in the year with a further $41,817 (2025 - $207,532) included in accounts payable and accrued liabilities at year-end. After all amounts are paid, a remaining commitment of $561,147 (2025 - $217,606) will be outstanding.

Local Mental Health Initiatives

The Foundation has committed $113,929 to local mental health initiative programs and it is anticipated these funds will be spent over a three year period beginning in fiscal 2022. As at March 31, 2026, $Nil (2025 - $92,716) of this commitment has been paid in the year with $Nil (2025 - $Nil) included in accounts payable and accrued liabilities at year-end. After all amounts are paid, a remaining commitment of $21,214 (2025 - $21,214) will be outstanding.

8. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant currency or liquidity risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Foundation's bank accounts are held at a major financial institution and the investments are held primarily with two major investment brokers.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of high interest savings, fixed income and mutual fund investments, which represent the entire of the fair market value of the investments disclosed in Schedule 1 to these financial statements.

Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Foundation is exposed to market risk on its investments through fluctuations in the bond and equity markets and these investments are not guaranteed. To manage these risks, the Foundation uses independent investment advisors and has developed an investment policy guideline to reduce risk. The Foundation receives monthly statements and meets on a quarterly and yearly basis with investment counsel.

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 foreign 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 fluctuations in equity markets on its long-term investments and pending sales of donated securities.

There have been no changes to the Foundation's financial instrument risk exposure from the prior year.

9. Comparative figures

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

Northumberland Hills Hospital Foundation
Schedule 1 - Schedule of Investments
For the year ended March 31, 2026

	Cost **$** **2026**	**Accumulated Unrealized Gains (Losses)** **$** **2026**	**Market Value** **$** **2026**	Market Value $ 2025
General Fund				
High interest savings account	11,580,370	-	**11,580,370**	15,981,911
Endowments				
Pooled mutual funds	10,065,110	(811,404)	**9,253,706**	8,893,054
Total investments	21,645,480	(811,404)	**20,834,076**	24,874,965