

Financial Statements of

GRAND RIVER HOSPITAL FOUNDATION

And Independent Auditor's Report Thereon

Year ended March 31, 2025

GRAND RIVER HOSPITAL FOUNDATION

Financial Statements

Year ended March 31, 2025

Independent Auditor’s Report

Financial Statements:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Grand River Hospital Foundation

Opinion

We have audited the financial statements of Grand River Hospital Foundation (the Foundation), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2025, 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 auditor's 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 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 the 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.



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- 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's 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

September 16, 2025

GRAND RIVER HOSPITAL FOUNDATION


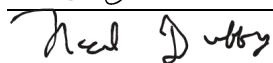
Statement of Financial Position

March 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,484,580	\$ 13,522,871
Accounts receivable	641,794	391,154
Due from Grand River Hospital Corporation (note 3)	895,951	289,805
Net investment in finance lease receivable, current portion (note 4)	596,666	596,667
Inventories	469	75,652
Prepays	169,859	286,899
	5,789,319	15,163,048
Long term investments (note 5)	34,923,743	23,992,460
Net investment in finance lease receivable (note 4)	6,364,444	6,961,110
Capital assets – land leased to GRH (note 4)	1,500,000	1,500,000
Capital assets (note 6)	1,667,654	1,730,374
	\$ 50,245,160	\$ 49,346,992
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 1,723,727	\$ 1,568,806
Due to Grand River Hospital Corporation (note 3)	1,457,183	961,217
Deferred revenue	72,584	114,729
Debt – principal payments required within one year (note 8)	596,666	596,667
Current liabilities before callable debt	3,850,160	3,241,419
Callable debt (note 8)	6,364,444	6,961,110
Total current liabilities	10,214,604	10,202,529
Fund balances:		
Endowment	4,497,549	4,086,104
Restricted	16,808,112	14,963,452
Operating fund:		
Internally restricted (note 9)	3,000,000	3,000,000
Unrestricted	15,724,895	17,094,907
	18,724,895	20,094,907
Total fund balances	40,030,556	39,144,463
Commitments (note 11)		
Merger (note 18)		
	\$ 50,245,160	\$ 49,346,992

See accompanying notes to financial statements.

On behalf of the Board:

 Governor
 Governor

GRAND RIVER HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2025, with comparative information for 2024

	Endowment	Restricted	Operating	2025 Total	2024 Total
Revenue:					
Donations from annual, major, leadership and planned giving	\$ 103,337	\$ 6,185,505	\$ 4,036,810	\$ 10,325,652	\$ 13,170,195
Lottery proceeds (net of direct expenses) (note 14)	—	2,559,987	59,411	2,619,398	875,128
Donations from Grand River Hospital Volunteer Association	—	—	150,000	150,000	5,143
Donations-in-kind	—	39,183	—	39,183	24,375
Receipted life insurance premiums (non-cash)	—	—	10,713	10,713	43,552
GrandVenture	—	—	32,731	32,731	36,928
Charitable programs (note 3)	—	6,875	370,389	377,264	939,820
Other income	—	2,152	35,672	37,824	116,896
Pine Street building income (note 4)	—	—	1,602,831	1,602,831	214,909
Lease finance income and other interest income (note 4)	—	—	180,025	180,025	198,249
Investment income (note 10)	447,276	30	2,901,410	3,348,716	3,128,505
	550,613	8,793,732	9,379,992	18,724,337	18,753,700
Expenses:					
Direct fund raising (note 13):					
Major & planned	—	110	869,890	870,000	731,824
Impact	—	371,382	1,234,861	1,606,243	1,764,018
Venture	—	96,696	211,238	307,934	207,876
Charitable programs:					
GrandVenture & charitable activities	—	—	654,460	654,460	561,485
Integrated volunteer program	—	—	194,065	194,065	279,094
Integrated marketing & communications program	—	2,604	118,787	121,391	542,950
Operating expenses:					
Salaries and benefits	—	—	1,185,885	1,185,885	684,626
Contract wages	—	—	40,426	40,426	3,567
Office and administrative	21,037	1,519	1,042,858	1,065,414	681,260
Pine Street building expense (note 4)	—	—	1,655,847	1,655,847	225,938
Amortization	—	—	69,991	69,991	63,026
Interest and financing fees (note 8)	—	—	144,848	144,848	195,265
	21,037	472,311	7,423,156	7,916,504	5,940,929
Grants and other expenses:					
Cash grants to Grand River Hospital Corporation	107,467	3,713,967	3,857,531	7,678,965	7,375,443
Cash grants to St. Mary's Hospital Foundation	—	—	2,791	2,791	25,000
Cash grants to other registered charities	—	1,924,521	60,446	1,984,967	846,559
In-kind grants to Grand River Hospital Corporation	10,664	77,584	166,769	255,017	79,949
	118,131	5,716,072	4,087,537	9,921,740	8,326,951
Excess (deficiency) of revenue over expenses and grants	411,445	2,605,349	(2,130,701)	886,093	4,485,820
Fund balances, beginning of year	4,086,104	14,963,452	20,094,907	39,144,463	34,658,643
Interfund transfer (note 15)	—	(760,689)	760,689	—	—
Fund balances, end of year	\$ 4,497,549	\$ 16,808,112	\$ 18,724,895	\$ 40,030,556	\$ 39,144,463

GRAND RIVER HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2025, with comparative information 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses and grants	\$ 886,093	\$ 4,485,820
Items not involving cash:		
Amortization of capital assets	69,991	63,026
Write-off of inventory	48,445	–
Change in fair value of investments (note 10)	(154,445)	(1,140,501)
Change in cash surrender of life insurance policy	(10,712)	(43,552)
Change in non-cash operating working capital	(164,140)	(2,527,410)
	675,232	837,383
Investing:		
Purchase of capital assets	(7,271)	(196,074)
Principal payments received on net investment financing lease	596,667	596,667
Due from Grand River Hospital Corporation – principal		
net financing lease payments portion	59,874	(20,346)
Purchase of investments	(10,766,126)	(1,350,935)
	(10,116,856)	(970,688)
Financing:		
Principal repayment of debt	(596,667)	(596,667)
Decrease in cash and cash equivalents	(10,038,291)	(729,972)
Cash and cash equivalents, beginning of year	13,522,871	14,252,843
Cash and cash equivalents, end of year	\$ 3,484,580	\$ 13,522,871

See accompanying notes to financial statements.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

Grand River Hospital Foundation's (the "Foundation") predominate declared purpose is to raise funds to finance the purchase of capital assets, patient experience, minor renovations, equipment purchases related to special projects, education, training and health research and innovation, as directed by the donors, for the Grand River Hospital Corporation (the "Hospital"). The Foundation was incorporated under the Ontario Not-for-Profit Corporations Act, 2010 and is registered with Canada Revenue Agency as a Public Foundation. It is exempt from income tax and may issue charitable donation receipts to donors as long as it continues to meet the requirements of the Income Tax Act.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations. The significant policies are summarized below:

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. These funds are held in accordance with the objectives specified by the donors, or in accordance with directives issued by the Board of Governors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Governors. To meet the objectives of financial reporting and stewardship over the assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded as a component of changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

- (i) Restricted funds include amounts that are restricted in accordance with the objectives as specified by the donors. Fundraising costs directly associated with specific restricted funds are charged to those funds. Included in restricted funds are funds for the Grand River Hospital's KW Health Centre and Freeport Health Centre and Grand River Regional Cancer Centre. These funds are considered to be restricted as they can only be used for costs incurred at each respective site.
- (ii) Operating funds include all other expendable funds and investments. A portion of operating expenses are charged to the operating fund.
- (iii) Endowment funds are resources that are required to be maintained by the Foundation on a permanent basis. Revenue of the endowment fund is limited to amounts that have been restricted for endowment purposes by the external contributor.
- (iv) Internally restricted funds are determined and approved by the Board of Governors in accordance with the Foundation's reserve policy.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

Donations designated by the donor as endowment contributions are recognized as revenue in the endowment fund. All other donor-restricted contributions are recognized as revenue of the restricted fund. Unrestricted contributions are recognized as revenue of the operating fund.

Contributions are recognized in revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising events is recognized when the event takes place until the event takes place the revenue is deferred.

GrandVenture revenue relates to the sale of goods. GrandVenture revenue is recognized when products are shipped, the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

Lottery proceeds are recognized when received and in the year the results of the draw has occurred, net of awarded prizes and direct costs.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(d) Inventories:

Inventories such as merchandise are measured at the lower of cost and net realizable value.

(e) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(f) Capital assets:

Capital assets are stated at cost. Amortization is recorded on all capital assets over the estimated useful life of the assets at the following annual rates:

Asset	Basis	Rate
Building	Declining-balance	4%
Office equipment	Declining-balance	20%
Computer hardware	Declining-balance	45%
Computer software	Declining-balance	45%
Website	Straight-line	5 years

The carrying value of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount is not recoverable and exceeds its fair value.

(g) Net investments in direct financing lease:

The Foundation entered into an agreement with Grand River Hospital Corporation that includes a clause allowing them to purchase the rights to the exclusive portion of the building corresponding to the leased location upon the earliest of the expiration of the building's financing term of 15 years or when the Hospital exercises a purchase option. The contents of the agreement satisfy the recognition criteria for direct financing leases and, consequently, the investment is recognized in the statement of financial position. Finance income related to direct financing leases is recognized rate of return on the investment in the lease.

(h) Donations-in-kind:

Donated materials contributed to the Foundation are recorded at fair market value when provided.

(i) Multi-employer plan:

The Foundation employees are members of the Healthcare of Ontario Pension Plan ("HOOPP"), a multi-employer defined benefit pension plan. Defined contribution plan accounting (where contributions are expensed as incurred) is applied to HOOPP as the Foundation does not have the necessary information to apply defined benefit plan accounting.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Financial assets and liabilities are recognized on the trade date at which the Foundation becomes a party to the contractual provisions of the instruments.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(k) Interest rate hedging:

At the inception of hedging relationship, the Foundation designates that hedge accounting will be applied. The Foundation formally documents the hedging relationship between the hedging instruments and hedged item. At the inception of the hedge and throughout its term, the terms of the hedging item and hedged item are the same.

Hedge accounting is used only when the notional amount of the swap matches the principal amount of the hedged item, the fair value of the swap at the inception is nil, the fixed rate is the same throughout the swap and the variable rate is based on the same index and includes the same or no adjustment and the debt instrument cannot be settled before maturity and the swap matures within two weeks of the maturity date of the debt.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

1. Significant accounting policies (continued):

(l) Life insurance policies:

For life insurance policies amounts are recorded as an asset of the Operating Fund to the extent there is a cash surrender value. The difference between the annual premium and the increase in cash surrender value is reflected as other income. Any policy premiums paid by the Foundation for life insurance policies, are recorded as an expense. When a contributor pays a premium, the premium paid is recorded as other income with an offsetting expense. Revenue from the proceeds of life insurance policies is recognized when the insured event has occurred and collection is certain.

(m) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business. 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.

(n) Change in accounting policy:

Effective April 1, 2024, the Foundation adopted the accounting guideline AcG-20, Customer's Accounting for Cloud Computing Arrangements, of Part II of the CPA Canada Handbook – Accounting, which provides guidance accounting for a customer's expenditures in a cloud computing arrangement. In accordance with the guideline, the Foundation choose to elect the simplification approach in which implementation costs for cloud computing arrangements in which the software element is a service is expensed as incurred. The simplification approach is an accounting policy that shall be applied consistently to expenditures in all cloud computing arrangements.

The Foundation recognizes the expenditures in the cloud computing arrangements as a supply of services. As such, the Foundation recognizes the costs related to the elements in the arrangement as an expense as incurred.

2. Cash and cash equivalents:

The Foundation has a \$150,000 operating line available at bank prime plus 1% and is unsecured. No amount was drawn at March 31, 2025 (2024 - \$nil).

The Foundation has outstanding letters of credit totaling \$205,000 (2024 - \$205,000).

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

3. Related party transactions with Grand River Hospital Corporation:

The Foundation is a separate entity and disburses funds at the discretion of its own Board of Governors. As a significant portion of the Foundation's funds benefit the Hospital, the Hospital is a related entity.

The Foundation reimbursed the Hospital for expenses paid by the Hospital on behalf of the Foundation in the amount of \$95,571 (2024 - \$135,909). The expenses include amounts for Hospital staff performing functions on behalf of the Foundation.

The amount due to the Hospital of \$1,457,183 (2024 - \$961,217) represents grants for approved capital and patient experience program funding made by the Hospital of \$1,445,666 (2024 - \$924,334) and \$11,517 (2024 - \$36,883) in operating expenses, not yet reimbursed by the Foundation.

The Hospital owes the Foundation funds related to both reimbursable charitable programs and operating costs relating to the property and volunteer & marketing services. The amount owing to the Foundation is \$895,951 (2024 - \$289,805). The Foundation recognized revenue of \$377,264 (2024 - \$939,820) in charitable program income on the statement of operations for services provided to the Hospital for volunteer programs, marketing and communication services.

4. Net investment in finance lease receivable:

On October 7, 2021, the Foundation and the Hospital entered into a 15-year leasing agreement for the Pine Street properties. In 2022, the Foundation financed the purchase of lands and building for the use of medical offices for the Hospital.

The Hospital monthly lease payments shall be equal to the Foundation debt repayment terms which are blended payments of principal of \$49,772 plus interest. The Hospital has an option to purchase the property at the earlier of, the end of the lease term in October 2036 or when the Hospital provides written notice to purchase the assets. At the time the option to purchase is exercised or at the end of the lease term, the land will transfer to the Hospital for consideration of \$1, unless agreed otherwise in writing and the buildings will transfer to the Hospital at the outstanding balance of the net investment in finance lease receivable.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

4. Net investment in finance lease receivable (continued):

The Hospital is also responsible for all one time and ongoing costs associated with operating the building including property taxes, utilities, legal fees, land transfer tax and any other expenses required to maintain the leased premise are included in the statement of operations of \$1,602,831 (2024 - \$214,909) and related expenses of \$1,655,847 (2024 - \$225,938).

	2025	2024
2025	\$ —	\$ 778,821
2026	764,386	764,386
2027	749,424	749,424
2028	734,834	734,834
2029	719,831	719,831
2030	704,234	704,234
Thereafter	4,315,394	4,315,394
Total minimum lease payments receivable	7,988,103	8,766,924
Less amount representing interest unearned finance income 2.52% interest rate	(1,026,993)	(1,209,147)
Net investment in finance lease receivable	6,961,110	7,557,777
Less: current portion	(596,666)	(596,667)
Net investment in finance lease receivable, long-term	\$ 6,364,444	\$ 6,961,110

Finance income of \$180,025 (2024 - \$198,248) relating to the net investment in finance lease receivable has been included in lease finance income and other interest income on the statement of operations.

The unguaranteed residual value of the leased property is \$1,500,000 representing land.

As at March 31, 2025, there is no impairment allowance on the net investment in finance lease receivable.

5. Long term investments:

Long term investments consist of the following balances:

	2025	2024
Balanced pooled fund (fair value)	\$ 32,869,478	\$ 23,948,908
Cash surrender value – life insurance policy	54,265	43,552
	\$ 32,923,743	\$ 23,992,460

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

6. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,000,000	\$ –	\$ 1,000,000	\$ 1,000,000
Building	615,943	52,611	563,332	587,970
Office equipment	285,154	193,174	91,980	127,613
Computer hardware	198,311	185,969	12,342	14,791
Computer software	105,605	105,605	–	–
Website	20,788	20,788	–	–
	\$ 2,225,801	\$ 558,147	\$ 1,667,654	\$ 1,730,374

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2024 - \$nil), which includes amounts payable for HST and payroll related taxes.

8. Callable debt:

The facility is secured by a general security agreement, and a first charge over real property at 18 and 27 Pine St. Kitchener for \$10,000,000 and first priority interest in all present and future personal property and an assignment of lease between Grand River Hospital Corporation and the Foundation.

The lender has the right to call for repayment at any time. Although management does not believe that the demand features of the debt will be exercised in the upcoming year, the demand non-revolving term loan has been classified as current liabilities due to the terms of the debt agreement.

	2025	2024
1.87% fixed plus Bankers' acceptance stamping fee of 0.65%, demand non-revolving term loan repayable in blended payments of principal of \$49,722 plus interest, due November 10, 2036.	\$ 6,961,110	\$ 7,557,777
Less current portion of principal repayments required within a year	(596,666)	(596,667)
	\$ 6,364,444	\$ 6,961,110

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

8. Callable debt (continued):

Interest payments on debt during the year totaled \$144,848 (2024 - \$148,720), Bankers' loan stamping fees \$43,191 (2024 - \$46,545), presented as interest and financing fees expense on the statement of operations.

The Foundation has an interest rate swap agreement to manage the volatility of interest rates on debt. The maturity date of the interest rate swap is the same as the maturity date of the associated callable debt. The notional amount of the debt and interest rate swap at inception was \$8,950,000.

The fair value of the interest rate swap as at March 31, 2025 is in a net favorable position of \$84,799 (2024 - \$419,243 favourable).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date of March 31, 2025 (2024 - March 31, 2024).

Management does not believe that the demand features of the debt will be exercised in the upcoming year. Assuming no demand is made to pay any of the debt, then regular principal payments required under the repayment terms are as follows:

2026	\$	596,666
2027		596,667
2028		596,667
2029		596,667
2030		596,667
Thereafter		3,977,776
		<hr/>
		\$ 6,961,110

9. Internally restricted fund:

	2025	2024
Internally restricted for operations	\$ 3,000,000	\$ 3,000,000

The use of the internally restricted fund requires approval by the Board of Governors.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

10. Investment income:

	2025	2024
Interest	\$ 198,145	\$ 420,980
Pooled fund interest and dividends	2,987,219	1,567,411
Gain (loss) on sale of stock donations	8,907	(387)
Change in fair value of investments	154,445	1,140,501
Total investment income	\$ 3,348,716	\$ 3,128,505

Investment income earned on restricted funds in the year is deemed for unrestricted use by the Board of Governors.

11. Commitments:

The Board of Governors has approved a commitment of \$7,854,388 from restricted funds pursuant to donor stipulations and unrestricted funds to assist the Hospital with its capital and service commitments in fiscal 2026.

12. Contributions to HOOPP:

The Foundation is a participating employer in HOOPP. As HOOPP's assets and liabilities are not segmented by participating employer, the Foundation accounts for its HOOPP obligation on a cash basis (as a defined contribution plan). At December 31, 2024, the HOOPP reported a surplus of \$10,438 million (2023 - \$8.9 billion) based on the difference between the fair value of net assets available for benefits and the pension obligations.

The Foundation made employer contributions to HOOPP for the year ended March 31, 2025 of \$188,930 (2024 - \$175,030)

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

13. Allocation of direct fundraising expenses:

The Foundation allocates direct fundraising expenses including administrative, salaries and benefits and other costs that are directly related to the relevant fund. Special events and marketing and direct fundraising expenses are recorded in the fund that the direct cost relates to.

The direct fundraising expenses by fund for the current year are as follows:

	Restricted 2025	Operating 2025	Total 2025
Major and planned:			
Salaries and benefits	\$ –	\$ 745,239	\$ 745,239
Direct fundraising and marketing expenses	110	124,651	124,761
	\$ 110	\$ 869,890	\$ 870,000
Impact:			
Salaries and benefits	\$ –	\$ 492,074	\$ 492,074
Direct fundraising and marketing expenses	371,382	742,787	1,114,169
	\$ 371,382	\$ 1,234,861	\$ 1,606,243
Venture:			
Salaries and benefits	\$ –	\$ 206,657	\$ 206,657
Direct fundraising and marketing expenses	96,696	4,581	101,277
	\$ 96,696	\$ 211,238	\$ 307,934

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

13. Allocation of direct fundraising expenses (continued):

The direct fundraising expenses by fund for the prior year are as follows:

	Restricted 2024	Operating 2024	Total 2024
Major and planned:			
Salaries and benefits	\$ —	\$ 616,309	\$ 616,309
Direct fundraising and marketing expenses	9	115,506	115,515
	\$ 9	\$ 731,815	\$ 731,824
Impact:			
Salaries and benefits	\$ —	\$ 492,765	\$ 492,765
Direct fundraising and marketing expenses	110,121	1,161,132	1,271,253
	\$ 110,121	\$ 1,653,897	\$ 1,764,018
Venture:			
Direct fundraising and marketing expenses	\$ —	\$ 207,876	\$ 207,876
	\$ —	\$ 207,876	\$ 207,876

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

14. Lottery proceeds:

The Foundation continues to be the license holder with the Alcohol and Gaming Commission of Ontario for the Ontario Wide Multi-Hospital Split the Pot Lottery program ("Split the Pot"), that partners with 80 Ontario Hospital and Healthcare Foundation across the province whereby 21% of each ticket sold will go to partner foundations. There are two ways that proceeds are shared with partner foundations: the partner foundation receives the full 21% of the ticket sale if their foundation is selected by the lottery buyer at checkout. If the lottery buyer selects "support all partner hospitals" the 21% of proceeds are split equally across all foundations. Funds are distributed to the foundations post-campaign in the form of a grant from the Foundation.

The Foundation also runs and participates in much smaller community event based lotteries and raffles.

Financial results of the lotteries conducted during the year are included in the statement of operations and changes in fund balances are as follows:

	2025	2024
Revenue:		
Split the Pot ticket sales and raffle revenue	\$ 9,356,078	\$ 3,398,480
Community event ticket sales and raffle revenue	137,290	336,336
	9,493,368	3,734,816
Expenses:		
Split the Pot - prize payouts	4,678,039	1,825,130
Split the Pot - other direct costs	2,127,285	754,606
Community event based - prize payouts	68,646	222,208
Community event based - other direct costs	—	57,744
	6,873,970	2,859,688
Net lottery proceeds	\$ 2,619,398	\$ 875,128

15. Interfund transfers:

During the year, the Board of Directors approved a transfer of the Foundation's 2024 Split the Pot lottery proceeds from the Restricted Fund of \$206,325 to Operating Fund.

During the year, the Board of Directors approved a transfer \$554,364 from the Restricted Fund to Operating Fund to cover eligible restricted grants paid by the Operating Fund in the prior year.

GRAND RIVER HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2025

16. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by the Board of Governors which establishes a target mix by investment types designed to achieve optimal return within reasonable risk tolerances.

(a) Foreign currency risk:

The Foundation is exposed to foreign currency risk on its foreign currency denominated investments. Foreign 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.

(b) Liquidity risk:

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Trade accounts payable and accrued liabilities are generally paid within 30 days.

(c) Credit risk:

The Foundation is exposed to credit risk if a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the net investment in finance lease receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The Foundation has determined that no allowance for doubtful accounts is required in 2025 (2024 - \$nil).

(d) Interest risk:

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments of callable debt included in note 8.

There are no changes in financial risks from 2024 with the exception of interest rate risk related to callable debt and credit risk related to net investment in finance lease receivable.

17. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses and grants.

18. Merger:







Effective May 20, 2025, the Grand River Hospital Foundation and St. Mary's General Hospital Foundation amalgamated into a single Foundation named Waterloo Regional Health Network Foundation.

The amalgamated corporation, Waterloo Regional Health Network Foundation shall possess all of the property, rights, privileges and franchises and shall be subject to all of the liabilities, contracts, disabilities and debts of each of St. Mary's General Hospital Foundation and Grand River Hospital Foundation.

Waterloo Regional Health Network Foundation is a public charitable foundation registered under the Income Tax Act (Canada) and is incorporated under the Not-For-Profit Corporations Act, 2010. The main activities are to solicit and receive donations for the advancement of Waterloo Regional Health Network and other charitable organizations engaged in healthcare activities.

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