

NIAGARA HEALTH FOUNDATION

Financial Statements
for the Year Ended May 31, 2026
and Independent Auditor's Report to the Directors

NIAGARA HEALTH FOUNDATION
FINANCIAL STATEMENTS
MAY 31, 2026

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CHARTERED
PROFESSIONAL
ACCOUNTANTS

DURWARD JONES BARKWELL
& COMPANY LLP

Big enough to know SMALL ENOUGH TO CARE.

20 Corporate Park Drive
Suite 300
St. Catharines, ON L2S 3W2
T. 905.684.9221
TF. 866.219.9431
F. 905.684.0566

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Niagara Health Foundation:

Opinion

We have audited the accompanying financial statements of Niagara Health Foundation (the Foundation), which comprise the statement of financial position as at May 31, 2026 and the statements of operations and fund balances and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at May 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 in our audit 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 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
 Licensed Public Accountants
 St. Catharines, Ontario
 September 23, 2026

NIAGARA HEALTH FOUNDATION
STATEMENT OF OPERATIONS AND FUND BALANCES
YEAR ENDED MAY 31, 2026

	Internally Restricted (Note 10)	Unrestricted	Externally Restricted (Note 10)	Endowment	Capital Assets	2026 Total	2025 Total
REVENUE							
Donations and fundraising	\$ 1,330,572	\$ 3,823,700	\$ 6,540,864	\$ -	\$ -	\$ 11,695,136	\$ 19,882,041
Bequests	-	587,493	1,474,117	-	-	2,061,610	976,805
Investment income	-	18,227,394	138,438	190,868	-	18,556,700	12,554,130
Lotteries	-	1,244,507	-	-	-	1,244,507	1,233,473
	1,330,572	23,883,094	8,153,419	190,868	-	33,557,953	34,446,449
Fundraising expenses	365,621	187,567	187,237	-	-	740,425	808,754
Lottery expenses	-	707,694	-	-	-	707,694	680,314
	964,951	22,987,833	7,966,182	190,868	-	32,109,834	32,957,381
EXPENDITURES							
Advertising and promotion	-	88,092	-	-	-	88,092	72,718
Amortization	-	-	-	-	-	-	52,031
Audit, consulting, legal and insurance	-	50,429	-	-	56,206	56,206	40,614
Bank and credit card charges	-	55,205	-	-	-	55,205	49,425
Meetings, travel and professional development	-	50,410	-	-	-	50,410	42,097
Membership fees	-	19,220	-	-	-	19,220	22,084
Office supplies	-	25,779	-	-	-	25,779	17,427
Postage	-	2,510	-	-	-	2,510	1,307
Repairs and maintenance	-	120,742	-	-	-	120,742	92,882
Salaries and benefits	-	2,424,075	-	-	-	2,424,075	2,031,528
Scholarships and bursaries	-	-	4,656	-	-	4,656	5,500
Strategic planning	-	16,630	-	-	-	16,630	26,023
	-	2,853,092	4,656	-	56,206	2,913,954	2,453,636
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE TRANSFERS							
	964,951	20,134,741	7,961,526	190,868	(56,206)	28,195,880	30,503,745
TRANSFERS TO THE NIAGARA HEALTH SYSTEM	(523,176)	(20,522,127)	(4,652,584)	-	-	(25,697,887)	(15,939,724)
TRANSFERS AND ALLOCATIONS TO NIAGARA HEALTH SYSTEM - IT'S OUR TIME							
INVESTMENT IN CAPITAL ASSETS							
	-	(60,460)	-	-	60,460	-	-
INTERFUND TRANSFERS (Note 9)	156,018	(156,018)	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	597,793	(603,864)	3,308,942	190,868	4,254	3,497,993	13,970,856
FUND BALANCE, BEGINNING OF YEAR	5,678,154	73,342,846	49,171,195	1,287,331	238,488	129,718,014	115,747,158
FUND BALANCE, END OF YEAR	\$ 6,275,947	\$ 72,738,982	\$ 52,480,137	\$ 1,478,199	\$ 242,742	\$ 133,215,007	\$ 129,718,014

NIAGARA HEALTH FOUNDATION
STATEMENT OF FINANCIAL POSITION
MAY 31, 2026

	Internally Restricted	Unrestricted	Externally Restricted	Endowment	Capital Assets	2026 Total	2025 Total
ASSETS							
Current assets							
Cash and cash equivalents (Note 2)	\$ -	\$ 2,295,371	\$ 3,848,075	\$ -	\$ -	\$ 6,143,446	\$ 9,828,217
Accounts receivable (Note 3)	-	66,239	-	-	-	66,239	173,004
Prepaid expenses	43,643	108,496	-	-	-	152,139	138,366
	43,643	2,470,106	3,848,075	-	-	6,361,824	10,139,607
	8,430,431	72,479,060	48,632,062	1,478,199	-	129,019,752	120,037,849
					242,742	242,742	238,488
	\$ 6,474,074	\$ 74,949,166	\$ 52,480,137	\$ 1,478,199	\$ 242,742	\$ 135,624,318	\$ 130,415,944
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities (Note 5)	\$ -	\$ 2,104,918	\$ -	\$ -	\$ -	\$ 2,104,918	\$ 361,896
Deferred revenue	198,127	105,266	-	-	-	303,393	336,034
	198,127	2,210,184	-	-	-	2,408,311	697,930
	6,275,947	72,738,982	52,480,137	1,478,199	242,742	133,215,007	129,718,014
	\$ 6,474,074	\$ 74,949,166	\$ 52,480,137	\$ 1,478,199	\$ 242,742	\$ 135,624,318	\$ 130,415,944
FUND BALANCES							

Approved by the Board

Jason Donarico

Director

Andrea Scott

Director

NIAGARA HEALTH FOUNDATION

STATEMENT OF CASH FLOWS YEAR ENDED MAY 31, 2026

	<u>2026</u>	<u>2025</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 3,497,993	\$ 13,970,856
Amortization, an item not affecting cash	56,206	52,031
	<u>3,554,199</u>	<u>14,022,887</u>
Changes in non-cash operating assets and liabilities		
Accounts receivable	106,765	(74,239)
Prepaid expenses	(13,753)	(19,956)
Accounts payable and accrued liabilities	1,743,022	81,616
Deferred revenue	(32,641)	61,796
	<u>5,357,592</u>	<u>14,072,104</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(60,460)	(189,626)
Change in investments	(8,981,903)	(21,092,132)
	<u>(9,042,363)</u>	<u>(21,281,758)</u>
DECREASE IN CASH	(3,684,771)	(7,209,654)
CASH, BEGINNING OF YEAR	9,828,217	17,037,871
CASH, END OF YEAR	\$ 6,143,446	\$ 9,828,217

NIAGARA HEALTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of business

Niagara Health Foundation is a public charitable organization incorporated without share capital under the laws of Ontario on January 1, 2014. Its principal activities include the establishment and administration of funds to be applied toward the advancement of public health education, the purchase of direct patient diagnostic and treatment equipment and the improvement of facilities at the various Niagara Health System sites. The Foundation is registered as a public foundation under the Income Tax Act.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, which include donations and bequests.

Contributions are recognized as revenue when received. Cash received and paid prior to the year end for various special events are deferred and recognized as revenue and expenses in the year the event occurs.

The Unrestricted Fund accumulates contributions that have no donor restrictions and accounts for a share of the Foundation's fundraising expenses. It also reports certain investment income earned by the Foundation.

The Externally Restricted Fund accumulates contributions which must be used for the purpose specified by the donor. These purposes are for capital projects of The Niagara Health System such as the purchase of direct patient diagnostic and treatment equipment and the improvement of facilities.

The Externally Restricted Fund also accumulates contributions received by the Foundation that are to be transferred to Niagara Health System for uses specified by the donor relating to the activities of the Niagara Health System. These amounts are reported as flow-through revenue to Niagara Health System regarding the "It's Our Future" campaign. It also reports certain investment income earned by the Foundation in relation to the Blue Ribbon campaign.

The Internally Restricted Fund accumulates contributions which the Board of Directors have designated to be used for a specific purpose.

The Endowment Fund reports resources contributed for endowment. Investment income earned is reported in the Endowment Fund and is used for specific purposes according to the restrictions placed by the contributor. The original principal in the Endowment Fund amounts to \$721,922 as at May 31, 2026.

The Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Foundation's capital assets.

Cash and cash equivalents

Cash consists of demand deposits at the bank. Cash equivalents are short-term guaranteed investment certificates that are readily convertible to known amounts of cash upon maturity and are subject to an insignificant risk of changes in value.

Pledges receivable

The Foundation follows the policy of recording contributions as revenue only when the funds are received. Therefore, pledges receivable at May 31, 2026 of \$36,788,837 have not been recognized in these financial statements.

NIAGARA HEALTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

Investments

Investments are in preferred shares, fixed income securities and insurance policies.

Capital assets

Property and equipment are recorded at acquisition cost and are amortized over their estimated useful lives using the following rates and methods:

Trillium Donor Recognition Wall	5 years straight-line
Donor Recognition Wall	5 years straight-line
South Niagara Donor Recognition Wall	5 years straight-line
Equipment	20% declining-balance
Computer hardware	20% declining-balance
Computer software	20% declining-balance
Leasehold improvements	20 years straight-line

Intangible assets

Intangible assets with a definite life, such as website costs are recorded at acquisition cost and are amortized on a straight-line basis over their useful life of 5 years, as determined by management. Intangible assets with an indefinite life are not amortized but are adjusted for impairment when circumstances are warranted.

Long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Contributed materials and services

In its various events and functions throughout the year, the Foundation receives contributed materials and services from the services of many volunteers. Because of the difficulty of determining the fair value, contributed services and certain contributed materials are not recognized in the financial statements.

Financial instruments

(a) Measurement of financial instruments

Initial measurement

The Foundation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the foundation in the transaction.

NIAGARA HEALTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

Subsequent measurement

The Foundation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(b) Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(c) Impairment

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there are, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

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 reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates, as additional information becomes available in the future. Significant estimates and assumptions are used when accounting for such items as useful lives of capital assets, impairment of long-lived assets, revenue recognition, fund allocations, accrued liabilities, contingent liabilities and allowances on accounts receivable.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many companies. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Foundation. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Foundation has taken are sufficient to mitigate these uncertainties.

NIAGARA HEALTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS MAY 31, 2026

2. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are funds invested in guaranteed investment certificates (GIC's) with various different financial institutions. These GIC's having maturity dates ranging from July 2026 to April 2028, and interest rates ranging from 2.65% to 7.31%. Subsequent to year-end, the GIC's that matured were renewed for similar terms. The Foundation has a cash balance in the amount of \$10,000 which is restricted by TD Canada Trust for the investment in GIC's. This balance is included in the cash and cash equivalents balance as at May 31, 2026.

3. ACCOUNTS RECEIVABLE

	2026	2025
Harmonized sales tax	\$ 44,465	\$ 76,065
Accrued interest	21,774	96,939
	\$ 66,239	\$ 173,004

4. CAPITAL ASSETS

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Trillium Donor Recognition Wall	\$ 58,000	\$ 58,000	\$ 58,000	\$ 58,000
Donor Recognition Wall	369,809	285,122	338,131	254,904
South Niagara Donor Recognition Wall	54,107	-	43,843	-
Equipment	245,185	159,257	226,668	137,775
Computer hardware	69,030	52,479	69,029	48,340
Computer software	51,574	50,105	51,574	49,738
Leasehold improvements	18,074	18,074	18,074	18,074
	865,779	623,037	805,319	566,831
Net book value		\$ 242,742		\$ 238,488

South Niagara Donor Recognition Wall with a cost of \$54,107 was not implemented or ready for use at May 31, 2026, therefore, no depreciation was recorded in fiscal 2026.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Trade accounts payable	\$ 65,854	\$ 40,614
Due to Niagara Health System	1,938,016	261,068
Accrued liabilities	101,048	60,214
	\$ 2,104,918	\$ 361,896

NIAGARA HEALTH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2026

6. COMMITMENTS

As at May 31, 2026, the Foundation has made various commitments approximating \$74,852,060 to Niagara Health System. Any funds raised by the Foundation relating to these commitments that have not yet been transferred to Niagara Health System will be reported in the Internally Restricted, Unrestricted or Externally Restricted fund balances in future years.

7. PENSION PLAN AND EMPLOYEE BENEFITS

The Foundation reimburses Niagara Health System for contributions it makes to the Hospitals of Ontario Pension Plan ("HOOPP") on behalf of its staff. HOOPP is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits, terminating on death, based on length of service and on the average of annualized earnings during the five consecutive years prior to retirement.

The Foundation also reimburses Niagara Health System for benefits paid on behalf of its employees. These benefits include life insurance, health benefits, dental benefits and travel benefits. These benefits are also available to eligible retired employees.

Reimbursements to Niagara Health System for contributions to HOOPP and payments under the benefit plan for the year were \$201,511 and are included in salaries and benefits in the statement of operations.

The pension plan and employee benefits obligations upon retirement of the employees are the responsibility of Niagara Health System.

8. FINANCIAL RISK MANAGEMENT

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's investments in securities quoted in an active market exposes the Foundation to price risks as these investments are subject to price changes in an open market. The Foundation does not use derivative financial instruments to alter the effects of this risk.

It is management's opinion that the Foundation is not exposed to significant interest rate, currency, credit or liquidity risks arising from its financial instruments.

NIAGARA HEALTH FOUNDATION**NOTES TO THE FINANCIAL STATEMENTS****MAY 31, 2026**

9. INTERFUND TRANSFERS

The Foundation receives externally restricted donations to be used towards the purchase of specific equipment. On occasion, the Foundation will purchase the specific equipment before sufficient funds have been raised to fully cover the cost of the equipment. In these instances, the temporary fundraising shortfall is funded by the Unrestricted Fund. As the externally restricted donations are received in future fiscal years, the Externally Restricted Fund reimburses the Unrestricted Fund. During the year, no reimbursements were made from the Externally Restricted Fund to the Unrestricted Fund for prior year temporary fundraising shortfalls.

During the year, \$156,018 was transferred from the Unrestricted Fund to the Internally Restricted Fund as the annual adjustment to the Board-approved operating reserve, which is intended to ensure sufficient funds are available in the event of unforeseen shortfalls or to fund non-recurring expenses that will build long-term capacity for the Foundation.

10. INTERNALLY RESTRICTED AND EXTERNALLY RESTRICTED FUND BALANCE

The Internally and Externally Restricted fund balances include \$490,151 and \$39,510,213 respectively related to the New South Niagara Site.
