
Financial statements of
Fondation de l'Hôpital du
Sacré-Cœur de Montréal

December 31, 2023

Independent Auditor's Report	1-3
Statement of operations and changes in fund balances	4
Statement of financial position	5-6
Statement of cash flows	7
Notes to the financial statements	8-16

Independent Auditor's Report

To the Members of
Fondation de l'Hôpital du Sacré-Cœur de Montréal

Opinion

We have audited the financial statements of the Fondation de l'Hôpital du Sacré-Cœur de Montréal (the "Foundation"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively 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 December 31, 2023, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work performed on this other information contained in the annual report, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 GAAS 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 GAAS, 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.

Deloitte LLP

May 29, 2024

¹ CPA auditor, public accountancy permit No. A131844

Fondation de l'Hôpital du Sacré-Cœur de Montréal
Statement of operations and changes in fund balances
Year ended December 31, 2023

		2023					2022	
Notes	General Fund	Capital Fund	Development Fund	Endowment Fund	Specific Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	
Revenues								
Contributions	3	2,331,636	—	2,241,745	—	2,857,277	7,430,658	4,570,378
Investment income	4	4,551,392	—	668,733	22,185	1,341,937	6,584,247	(1,089,807)
Fundraising activities	5	786,760	—	65,412	—	214,019	1,066,191	1,598,115
		7,669,788	—	2,975,890	22,185	4,413,233	15,081,096	5,078,686
Expenses								
Expenses inherent to contributions	3	312,707	—	381,185	—	—	693,892	711,908
Investment management and custody		414,538	—	—	—	—	414,538	362,410
Fundraising activities	5	604,396	—	20,510	—	146,429	771,335	823,296
Administration		1,730,167	—	—	—	—	1,730,167	1 459,989
Amortization of capital assets		—	12,305	—	—	—	12,305	12,264
		3,061,808	12,305	401,695	—	146,429	3,622,237	3,369,867
Excess (deficiency) of revenues over expenses before donations		4,607,980	(12,305)	2,574,195	22,185	4,266,804	11,458,859	1,708,819
Donations to CIUSSS du Nord-de-l'Île-de-Montréal / Hôpital du Sacré-Cœur de Montréal and Hôpital en santé mentale Albert-Prévost		615,258	—	1,407,874	—	3,663,495	5,686,627	2,327,057
Excess (deficiency) of revenues over expenses		3,992,722	(12,305)	1,166,321	22,185	603,309	5,772,232	(618,238)
Fund balances, beginning of year		15,803,396	34,963	17,510,712	11,806,465	16,137,073	61,292,609	61,910,847
Interfund transfers	7	(556,866)	5,101	—	551,765	—	—	—
Fund balances, end of year		19,239,252	27,759	18,677,033	12,380,415	16,740,382	67,064,841	61,292,609

The accompanying notes are an integral part of the financial statements.

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Statement of financial position

As at December 31, 2023

		2023					2022
Notes	General Fund	Capital Fund	Development Fund	Endowment Fund	Specific Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Assets							
Investments and accrued interest							
Investments	8	64,333,827	—	—	—	64,333,827	57,917,795
Accrued interest		22,873	—	—	—	22,873	11,947
		64,356,700	—	—	—	64,356,700	57,929,742
Other assets							
Cash		2,646,609	—	—	—	2,646,609	3 179,714
Accounts receivable		175,586	—	—	—	175,586	436,506
Amounts due by the General Fund to other funds	11	—	—	18,677,033*	12,380,415*	16,740,382*	—
Prepaid expenses and other assets		667,860	—	—	—	667,860	530,300
Capital assets	9	—	27,759	—	—	27,759	34,963
		3,490,055	27,759	18,677,033	12,380,415	16,740,382	3,517,814
		67,846,755	27,759	18,677,033	12,380,415	16,740,382	67,874,514
							4,181,483
							62,111,225

Fondation de l'Hôpital du Sacré-Cœur de Montréal
Statement of financial position (continued)

As at December 31, 2023

						2023	2022
Notes	General Fund	Capital Fund	Development Fund	Endowment Fund	Specific Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Liabilities							
Accounts payable and accrued liabilities	10	724,533	—	—	—	724,533	721,134
Deferred revenues		85,140	—	—	—	85,140	97,482
Amounts due by the General Fund to other funds	11	47,797,830*	—	—	—	—	—
		48,607,503	—	—	—	809,673	818,616
Fund balances							
Invested in capital assets		—	27,759	—	—	27,759	34,963
Externally restricted	12	—	—	18,677,033	5,152,799	16,740,382	40,570,214
Internally restricted		—	—	—	7,227,616	—	7,227,616
Unrestricted		19,239,252	—	—	—	19,239,252	15,803,396
		19,239,252	27,759	18,677,033	12,380,415	16,740,382	67,064,841
		67,846,755	27,759	18,677,033	12,380,415	16,740,382	67,874,514

* The items are not included in the total column since they offset each other.

The accompanying notes are an integral part of the financial statements.

Approved by the Board of Directors

_____, Director

 _____, Director

Fondation de l'Hôpital du Sacré-Cœur de Montréal**Statement of cash flows**

Year ended December 31, 2023

	2023	2022
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	5,772,232	(618,238)
Adjustments for:		
Change in the fair value of investments	(4,819,094)	2,704,065
Amortization of capital assets	12,305	12,264
	965,443	2,098,091
Changes in non-cash operating working capital items		
Accrued interest	(10,926)	31,580
Accounts receivable	260,920	(125,185)
Prepaid expenses and other assets	(137,560)	(24,784)
Accounts payable and accrued liabilities	3,400	328,796
Deferred revenues	(12,343)	97,482
	1,068,934	2,405,980
Investing activities		
Net change in investments	(1,596,938)	(1,596,975)
Purchase of capital assets	(5,101)	(2,870)
	(1,602,039)	(1,599,845)
Net (decrease) increase in cash	(533,105)	806,135
Cash, beginning of year	3,179,714	2,373,579
Cash, end of year	2,646,609	3,179,714

The accompanying notes are an integral part of the financial statements.

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2023

1. Statutes and nature of operations

The Fondation de l'Hôpital du Sacré-Coeur de Montréal (the "Foundation") incorporated under Part III of the *Companies Act* (Québec), is a public foundation created to help achieve the objectives of the Centre intégré universitaire de santé et de services sociaux du Nord-de-l'Île-de-Montréal / Hôpital du Sacré-Cœur de Montréal and Hôpital en santé mentale Albert-Prévost ("Hôpital du Sacré-Cœur de Montréal"). It is recognized as a registered charity under the *Income Tax Act*.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

Fund accounting

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

General Fund

The General Fund reports on the Foundation's service delivery and administration activities.

Capital Fund

The Capital Fund presents the capital assets held by the Foundation as well as the related revenues and expenses.

Development Fund

The Development Fund reports on major campaign activities and presents the resources assigned to the fundraising of major development projects at Hôpital du Sacré-Cœur de Montréal (construction, development, and medical equipment acquisition), to education, and to the awarding of research or postdoctoral scholarships.

Endowment Fund

Externally restricted

The externally restricted Endowment Fund presents resources contributed for endowment. Investment income earned on Endowment Fund resources is presented in the General Fund except in cases where instruction is provided by the contributors of the funds for endowment.

Internally restricted

The internally restricted Endowment Fund presents the amounts transferred by the General Fund's board of directors to ensure capital growth in the Endowment Fund. These amounts cannot be used without the prior consent of the board of directors, except for revenues earned on these resources that are recognized as revenue in the General Fund.

Specific Fund

The Specific Fund presents the resources assigned to project fundraising, as specified by the donors.

2. Accounting policies (continued)

Revenue recognition

Contributions

Restricted contributions are recognized as revenue of the appropriate fund at the time they are collected.

Unrestricted contributions are recognized as revenue of the General Fund at the time they are collected.

Endowment contributions are recognized as revenue of the Endowment Fund at the time they are collected.

Pledges and deferred donations (bequests, life insurance, annuities, etc.) are presented in the notes to the financial statements.

Investment income

Restricted investment income earned on resources of the Endowment Fund is recognized in the Development Fund or, when stipulated by the donors, in the Endowment Fund.

Unrestricted investment income earned on resources in the Endowment Fund is recognized as revenue of the General Fund. Investment income earned on resources of the Development Fund and the Specific Fund is recognized as revenue in the respective funds. Other investment income is recognized as revenue in the General Fund.

Fundraising activities

Restricted revenue from fundraising activities is recognized as revenue in the Development Fund or the Specific Fund. Unrestricted revenue from fundraising activities is recognized as revenue in the General Fund.

Allocation of expenses

The various expense categories in the statement of operations and changes in fund balances include direct expenses, except for the salaries and benefits of employees assigned to fundraising activities and communications, which are allocated between the "fundraising activities" function and the "administration" function. The allocation between the two functions is based on the time allocated to the two functions by the employees concerned.

Donations to CIUSSS du Nord-de-l'Île-de-Montréal / Hôpital du Sacré-Cœur de Montréal and Hôpital en santé mentale Albert-Prévost

Donations are approved by the board of directors and are recognized when they are paid or become payable.

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial instruments originated or exchanged in related party transactions are initially measured at cost.

2. Accounting policies (continued)

Financial instruments (continued)

Initial measurement (continued)

The cost of a financial instrument in a related party transaction depends on whether or not the instrument has repayment terms. If it does have repayment terms, cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. If it does not have repayment terms, cost is determined using the consideration transferred or received by the Foundation as part of the transaction.

Subsequent measurement

All financial instruments are measured at amortized cost, except for investments that are recognized at fair value on the reporting date. Fluctuations in fair value, which include interest earned, accrued interest, gains and losses realized upon the disposal of unrealized gains and losses, are included in investment income.

Transaction costs

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying amount of the asset or netted against the carrying amount of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations and changes in fund balances as interest income or expense.

Impairment

With respect to financial assets measured at amortized cost, the Foundation recognizes an impairment loss, if any, in the statement of operations and changes in fund balances when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the statement of operations and changes in fund balances in the period the reversal occurs.

Capital assets

Capital assets are recorded at cost and amortized over their estimated lives using the straight-line method at the following annual rates.

Leasehold improvements	10%
Furniture	10%
Computer equipment	25%

Use of estimates

The preparation of financial statements in conformity 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 and disclosures of contingent 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 these estimates.

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2023

3. Contributions

	2023		
	Revenues	Expenses	Net amount
	\$	\$	\$
General Fund	2,331,636	312,707 ⁽¹⁾	2,018,929
Development Fund	2,241,745	381,185 ⁽²⁾	1,860,560
Specific Fund	2,857,277	—	2,857,277
	7,430,658	693,892	6,736,766
	2022		
	Revenues	Expenses	Net amount
	\$	\$	\$
General Fund	1,584,343	280,250 ⁽¹⁾	1,304,093
Development Fund	1,033,898	431,658 ⁽²⁾	602,240
Specific Fund	1,952,137	—	1,952,137
	4,570,378	711,908	3,858,470

(1) Direct mail campaign expenses

(2) Expenses inherent to major campaigns

4. Investment income

	2023	2022
	\$	\$
Income from investment funds units	1,579,773	1,039,914
Interest	184,693	92,948
Dividends	687	481,396
Change in the fair value of investments	4,819,094	(2,704,065)
	6,584,247	(1,089,807)
Allocation of investment income:		
General Fund	4,551,392	(773,146)
Development Fund	668,733	(89,604)
Endowment Fund	22,185	(3,943)
Specific Fund	1,341,937	(223,114)
	6,584,247	(1,089,807)

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2023

5. Fundraising activities

	2023		
	Revenues	Expenses	Net amount
	\$	\$	\$
General Fund			
Golf Open	170,054	94,798	75,256
Gala	430,611	420,638	9,973
Car show	100,851	30,476	70,375
Wine tasting	69,897	32,965	36,932
Generations challenge	13,607	25,499	(11,892)
Third-party activities	1,740	20	1,720
	786,760	604,396	182,364
Development Fund			
Golf Griffon	58,177	20,510	37,667
Lottery – Public	7,235	—	7,235
	65,412	20,510	44,902
Specific Fund			
Third-party activities	173,290	126,425	46,865
Vélo-Onco	40,729	20,004	20,725
	214,019	146,429	67,590
	1,066,191	771,335	294,856
			2022
	Revenues	Expenses	Net amount
	\$	\$	\$
General Fund			
Golf Open	261,612	126,639	134,973
Gala	847,916	477,748	370,168
Car show	7,840	3,563	4,277
Wine tasting	63,300	33,275	30,025
Generations challenge	31,227	41,726	(10,499)
Auction	—	4,817	(4,817)
Third-party activities	3,714	752	2,962
	1,215,609	688,520	527,089
Development Fund			
Lottery – Employees	343,400	118,197	225,203
Specific Fund			
Third-party activities	5,287	2,547	2,740
Vélo-Onco	33,819	14,032	19,787
	39,106	16,579	22,527
	1,598,115	823,296	774,819

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2023

6. Allocation of expenses

Salaries and benefits totaling \$1,137,941 (\$1,150,098 in 2022) were allocated between the "Fundraising activities" function, in an amount of \$123,459 (\$139,042 in 2022), the "Administration" function, in an amount of \$1,137,941 (\$966,231 in 2022) and the "Expenses inherent to contributions" function, in an amount of \$51,865 (\$44,825 in 2022).

7. Interfund transfers

The interfund transfers made during the year were as follows:

	2023			
	General Fund	Capital Fund	Endowment Fund	Specific Fund
	\$	\$	\$	\$
Restricted for research purposes by the board of directors	(551,765)	—	551,765	—
Purchase of capital assets	(5,101)	5,101	—	—
	556,866	5,101	551,765	—
	2022			
	General Fund	Capital Fund	Endowment Fund	Specific Fund
	\$	\$	\$	\$
Restricted for research purposes by the board of directors	(161,963)	—	161,963	—
Purchase of capital assets	(2,870)	2,870	—	—
	(164,833)	2,870	161,963	—

8. Investments

	2023	2022
	\$	\$
Equity investment funds units		
Canadian	22,799,904	15,033,512
American	3,798,153	2,421,804
Foreign	32,093,264	28,896,232
Diversified funds units	3,009,260	5,162,638
Real estate funds units	1,977,263	1,288,618
Shares	113,848	106,207
Cash held by the securities custodian	417,051	4,887,264
Other	125,084	121,520
	64,333,827	57,917,795

Fondation de l'Hôpital du Sacré-Cœur de Montréal**Notes to the financial statements**

December 31, 2023

9. Capital assets

	2023			2022
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	183,065	173,993	9,072	13,130
Furniture	75,249	64,118	11,131	8,400
Computer equipment	82,927	75,371	7,556	13,433
	341,241	313,482	27,759	34,963

10. Accounts payable and accrued liabilities

	2023	2022
	\$	\$
Accounts payable	441,675	363,862
Salaries payable	134,639	45,228
Amounts due to Hôpital du Sacré-Cœur de Montréal	148,219	312,044
	724,533	721,134

11. Amounts due by the General Fund to other funds

Amounts due by the General Fund to other funds bear interest at the rate of return realized by the General Fund on these funds.

12. Balances of externally restricted funds

The major categories of externally imposed restrictions on fund balances are as follows:

	2023	2022
	\$	\$
Development Fund	18,677,033	17,510,712
Endowment Fund		
The income of a first fund must be used to attribute research scholarships	1,000,000	1,000,000
The income of a second fund must be used as follows: 92% of the income must be used to improve direct care to patients and 8% must be added to the initial endowment	834,973	827,920
The income of a third fund must be used as follows: 92% of the income must be used to finance priority projects and 8% must be added to the initial endowment	2,000,726	1,981,594
The income of a fourth fund must be used to support cardiology research	291,100	291,100
The income of a fifth fund must be used to support orthopedic research	526,000	526,000
The income of a sixth fund must be used to support research in cardiovascular illness	500,000	500,000
	5,152,799	5,126,614
Specific Fund	16,740,382	16,137,073
	40,570,214	38,774,399

13. Related party transactions

Transactions carried out with Hôpital du Sacré-Cœur de Montréal, which is a related party given the nature of the Foundation's activities, as well as the related debit and credit balances, are presented in the financial statements or in the accompanying notes, except for an amount of nil (\$162,561 in 2022) that is included in accounts receivable. Hôpital du Sacré-Cœur de Montréal contributed \$481,466 to the Foundation during the year (nil in 2022) for the Specific Fund Respiratory Health. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

14. Financial instruments

Due to its financial assets, the Foundation is exposed to the following risks related to the use of financial instruments:

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk. The Foundation is exposed to one of these risks as described in the following paragraph.

14. Financial instruments (continued)

Market risk (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its bonds funds, equity funds units, diversified funds units, real estate funds units and investments in listed shares, for which the value fluctuates with the quoted market price.

Liquidity risk

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2023, the most significant financial liabilities are the accounts payable and accrued liabilities.