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

December 31, 2022

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, 2022, 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, 2022, 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*¹

May 24, 2023

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, 2022

		2022					2021
Notes	General Fund	Capital Fund	Development Fund	Endowment Fund	Specific Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Revenues							
	3	1,584,343	—	1,033,898	—	1,952,137	4,394,900
	4	(773,146)	—	(89,604)	(3,943)	(223,114)	9,224,825
	5	1,215,609	—	343,400	—	39,106	680,162
		—	—	—	—	—	23,060
		—	—	—	—	—	205,064
		2,026,806	—	1,287,694	(3,943)	1,768,129	14,528,011
Expenses							
	3	280,250	—	431,658	—	711,908	459,497
		362,410	—	—	—	362,410	188,894
	5	688,520	—	118,197	—	16,579	382,765
		1,459,989	—	—	—	1,459,989	1,294,047
		—	12,264	—	—	12,264	10,545
		2,791,169	12,264	549,855	—	16,579	2,335,748
		(764,363)	(12,264)	737,839	(3,943)	1,751,550	1,708,819
		1,125,859	—	469,871	—	731,327	3,200,272
		(1,890,222)	(12,264)	267,968	(3,943)	1,020,223	(618,238)
		17,858,451	44,357	17,242,744	11,648,445	15,116,850	61,910,847
	7	(164,833)	2,870	—	161,963	—	—
		15,803,396	34,963	17,510,712	11,806,465	16,137,073	61,910,847

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

Fondation de l'Hôpital du Sacré-Cœur de Montréal
Statement of financial position (continued)
As at December 31, 2022

		2022					2021
Notes	General Fund	Capital Fund	Development Fund	Endowment Fund	Specific Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Liabilities							
Accounts payable and accrued liabilities	10	721,134	—	—	—	721,134	392,338
Deferred revenues		97,482	—	—	—	97,482	—
Amounts due by the General Fund to other funds	11	45,454,250*	—	—	—	—	—
		46,272,866	—	—	—	818,616	392,338
Fund balances							
Invested in capital assets		—	34,963	—	—	34,963	44,357
Externally restricted	12	—	—	17,510,712	5,126,614	16,137,073	38,774,399
Internally restricted		—	—	—	6,679,851	—	6,679,851
Unrestricted		15,803,396	—	—	—	—	15,803,396
		15,803,396	34,963	17,510,712	11,806,465	16,137,073	61,292,609
		62,076,262	34,963	17,510,712	11,806,465	16,137,073	62,111,225

* 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, 2022

	2022	2021
	\$	\$
Operating activities		
(Deficiency) excess of revenues over expenses	(618,238)	8,991,991
Adjustments for:		
Change in the fair value of investments	2,704,065	(7,769,432)
Amortization of capital assets	12,264	10,545
	2,098,091	1,233,104
Changes in non-cash operating working capital items		
Accrued interest	31,580	26,061
Accounts receivable	(125,185)	211,658
Prepaid expenses and other assets	(24,784)	(41,288)
Accounts payable and accrued liabilities	328,796	(984,668)
Deferred revenues	97,482	(31,521)
	2,405,980	413,346
Investing activities		
Net change in investments	(1,596,975)	(1,467,926)
Purchase of capital assets	(2,870)	(18,036)
	(1,599,845)	(1,485,962)
Net increase (decrease) in cash	806,135	(1,072,616)
Cash, beginning of year	2,373,579	3,446,195
Cash, end of year	3,179,714	2,373,579

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, 2022

1. Statutes and nature of operations

The Fondation de l'Hôpital du Sacré-Cœur 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 are 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 are recognized as revenue of the General Fund. Investment income earned on resources of the Development Fund and the Specific Fund are 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.

Commercial activities

Revenues from commercial activities are recognized as revenue in the General Fund, except for parking revenue, which is recognized in the Development Fund, as they are restricted to particular activities of Montreal Sacred Heart Hospital.

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, 2022

3. Contributions

	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

	2021		
	Revenues	Expenses	Net amount
	\$	\$	\$
General Fund	2,067,277	247,371 ⁽¹⁾	1,819,906
Development Fund	829,738	212,126 ⁽²⁾	617,612
Specific Fund	1,497,885	—	1,497,885
	4,394,900	459,497	3,935,403

⁽¹⁾ Direct mail campaign expenses

⁽²⁾ Expenses inherent to major campaigns

4. Investment income

	2022	2021
	\$	\$
Income from investment funds units	1,039,914	—
Interest	92,948	335,254
Dividends	481,396	1,120,139
Change in the fair value of investments	(2,704,065)	7,769,432
	(1,089,807)	9,224,825
Allocation of investment income:		
General Fund	(773,146)	6,507,780
Development Fund	(89,604)	864,941
Endowment Fund	(3,943)	35,247
Specific Fund	(223,114)	1,816,857
	(1,089,807)	9,224,825

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2022

5. Fundraising activities

	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
Third-party activities	3,714	752	2,962
Wine tasting	63,300	33,275	30,025
Generations challenge	31,227	41,726	(10,499)
Auction	—	4,817	(4,817)
	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
			2021
	Revenues	Expenses	Net amount
	\$	\$	\$
General Fund			
Golf Open	151,475	67,443	84,032
Gala	35,040	75,101	(40,061)
Car show	32,292	9,719	22,573
Third-party activities	3,939	38	3,901
Wine tasting	57,252	32,685	24,567
Auction	105,445	84,111	21,334
	385,443	269,097	116,346
Development Fund			
Lottery – Employees	211,803	105,577	106,226
Specific Fund			
Third-party activities	66,811	2,912	63,899
Vélo-Onco	16,105	5,179	10,926
	82,916	8,091	74,825
	680,162	382,765	297,397

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2022

6. Allocation of expenses

Salaries and benefits totalling \$966,231 (\$919,778 in 2021) were allocated between the "Fundraising activities" function, in an amount of \$139,042 (\$87,723 in 2021) and the "Administration" function, in an amount of \$827,189 (\$832,055 in 2021).

7. Interfund transfers

The interfund transfers made during the year were as follows:

	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	—
	2021			
	General Fund	Capital Fund	Endowment Fund	Specific Fund
	\$	\$	\$	\$
Restricted for research purposes by the board of directors	(568,799)	—	568,799	—
Purchase of capital assets	(18,036)	18,036	—	—
	(586,835)	18,036	568,700	—

Fondation de l'Hôpital du Sacré-Cœur de Montréal

Notes to the financial statements

December 31, 2022

8. Investments

	2022	2021
	\$	\$
Equity investment funds units		
Canadian	15,033,512	—
American	2,421,804	—
Foreign	28,896,232	—
Diversified funds units	5,162,638	—
Real estate funds units	1,288,618	—
Shares	106,207	46,650,132
Bonds, nil (\$8,745,000 as at December 31, 2021, at rates varying between 0.80% and 8.90%, maturing from January 2022 to August 2027)	—	8,948,790
Treasury bills, expired in May 2022	—	3,283,821
Cash held by the securities custodian	4,887,264	23,086
Other	121,520	118,056
	57,917,795	59,023,885

9. Capital assets

	2022			2021
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	183,065	169,935	13,130	17,187
Furniture	74,113	65,713	8,400	10,735
Computer equipment	82,927	69,494	13,433	16,435
	340,105	305,142	34,963	44,357

10. Accounts payable and accrued liabilities

	2022	2021
	\$	\$
Accounts payable	363,862	275,952
Salaries payable	45,228	43,792
Amounts due to Hôpital du Sacré-Cœur de Montréal	312,044	72,594
	721,134	392,338

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:

	2022	2021
	\$	\$
Development Fund	17,510,712	17,242,744
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	827,920	829,088
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	1,981,594	1,976,369
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
	5,126,614	5,122,557
Specific Fund	16,137,073	15,116,850
	38,774,399	37,482,151

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 \$162,561 (\$142,993 in 2021) that is included in accounts receivable. 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.

4. Financial instruments (continued)

Market risk (continued)

a) 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.