
Financial statements of
La Fondation de l'Hôpital
général de Montréal
The Montreal General
Hospital Foundation

March 31, 2024

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Independent Auditor's Report

To the Board of Directors of
La Fondation de l'Hôpital général de Montréal
The Montreal General Hospital Foundation

Opinion

We have audited the financial statements of La Fondation de l'Hôpital général de Montréal / The Montreal General Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, 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 March 31, 2024, 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 ("ASNPO").

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 ASNPO, 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 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 23, 2024

¹ CPA auditor, public accountancy permit No. A133206

La Fondation de l'Hôpital général de Montréal
The Montreal General Hospital Foundation
Statement of operations
Year ended March 31, 2024

		2024				2023
Notes	Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Total	
	\$	\$	\$	\$	\$	
Revenue						
	2,340,221	18,807,543	530,766	21,678,530	23,080,635	
	—	153,395	—	153,395	269,844	
	2,340,221	18,960,938	530,766	21,831,925	23,350,479	
Expenditures						
	(13,183)	20,070,921	—	20,057,738	12,699,868	
	2,594,564	—	—	2,594,564	2,196,792	
	1,766,820	—	—	1,766,820	1,416,415	
	4,348,201	20,070,921	—	24,419,122	16,313,075	
	(2,007,980)	(1,109,983)	530,766	(2,587,197)	7,037,404	
Net investment income						
	7,186,047	—	—	7,186,047	4,717,379	
	(3,320,100)	—	—	(3,320,100)	1,113,430	
	28,717,567	—	—	28,717,567	(5,558,929)	
	32,583,514	—	—	32,583,514	271,880	
	(331,263)	—	—	(331,263)	(300,774)	
	32,252,251	—	—	32,252,251	(28,894)	
	30,244,271	(1,109,983)	530,766	29,665,054	7,008,510	

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

La Fondation de l'Hôpital général de Montréal
The Montreal General Hospital Foundation
Statement of changes in fund balances
Year ended March 31, 2024

	2024				2023
	Unrestricted Fund	Restricted Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Fund balances, beginning of year	26,197,423	117,684,733	68,324,772	212,206,928	205,198,418
Excess (deficiency) of revenue over expenditures	30,244,271	(1,109,983)	530,766	29,665,054	7,008,510
Interfund transfers	(23,037,292)	23,037,292	—	—	—
Fund balances, end of year	33,404,402	139,612,042	68,855,538	241,871,982	212,206,928
Externally designated	—	125,362,992	68,792,260	194,155,252	174,671,642
Internally designated	33,404,402	14,249,050	63,278	47,716,730	37,535,286
	33,404,402	139,612,042	68,855,538	241,871,982	212,206,928

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

La Fondation de l'Hôpital général de Montréal
The Montreal General Hospital Foundation
Statement of financial position
As at March 31, 2024

	Notes	2024	2023
		\$	\$
Assets			
Current assets			
Cash		747,945	946,288
Short-term investments	3	4,500,000	5,600,000
Sales tax receivable		87,894	45,521
Accrued revenue		381,466	324,968
Prepaid expenses		5,248	—
Other receivable		65,000	30,083
		5,787,553	6,946,860
Investments	4	242,229,620	207,413,963
Convertible loans receivable		225,000	—
Capital assets	5	—	3,532
		248,242,173	214,364,355
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		510,533	644,732
Due to McGill University Health Centre		4,818,418	900,057
Due to Research Institute of McGill University Health Centre		972,913	524,512
Due to McGill University		68,327	88,126
		6,370,191	2,157,427
Commitments	9		
Fund balances			
Unrestricted		33,404,402	26,197,423
Restricted		139,612,042	117,684,733
Endowment		68,855,538	68,324,772
		241,871,982	212,206,928
		248,242,173	214,364,355

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

Approved by the Board

_____, Director

_____, Director

La Fondation de l'Hôpital général de Montréal
The Montreal General Hospital Foundation
Statement of cash flows
Year ended March 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenditures	29,665,054	7,008,510
Adjustments for:		
Shares donation	(1,007,595)	(2,140,324)
Loss (gain) on sale of investments	3,320,100	(1,113,430)
Unrealized change in fair value of investments	(28,717,567)	5,558,929
Amortization of capital assets	3,532	8,478
	3,263,524	9,322,163
Changes in non-cash operating working capital items		
Sales tax receivable	(42,373)	11,128
Accrued revenue	(56,498)	(90,365)
Prepaid expenses	(5,248)	—
Other receivable	(34,917)	(28,330)
Accounts payable and accrued liabilities	(134,199)	(32,802)
Due to McGill University Health Centre	3,918,361	(3,688,882)
Due to Research Institute of McGill University Health Centre	448,401	28,812
Due to McGill University	(19,799)	88,126
	7,337,252	5,609,850
Investing activities		
Acquisition of convertible loans	(225,000)	—
Acquisition of short-term investments	(16,500,000)	(7,100,000)
Acquisition of investments	(60,728,935)	(24,913,906)
Disposition of short-term investments	17,600,000	4,600,000
Disposition of investments	52,318,340	22,102,573
	(7,535,595)	(5,311,333)
Net (decrease) increase in cash	(198,343)	298,517
Cash, beginning of year	946,288	647,771
Cash, end of year	747,945	946,288

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

1. Purpose of the Foundation

La Fondation de l'Hôpital général de Montréal – The Montreal General Hospital Foundation (the "Foundation") is mandated to raise money, manage funds, and invest responsibly in healthcare research, training and technology at the Montreal General Hospital, the McGill University Health Centre, affiliated entities of the McGill University Academic Health Center, and other organizations in the Québec health network. The funds raised are applied to the priority needs of the hospitals and its patients in accordance with the wishes of donors.

The Foundation is incorporated under Part III of the *Companies Act* (Québec). The Foundation is also recognized as a charitable institution under Section 149.1(1)(a) of the *Income Tax Act* (Canada). This status exempts the Foundation from income taxes.

2. Accounting policies

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

Fund accounting

The revenue, expenditures and capital of the Foundation are maintained in accordance with the principles of fund accounting and are classified into funds in accordance with activities or objectives specified.

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

The Unrestricted Fund accounts for the Foundation's funds available to support the Foundation expenses and hospital and/or research institute projects. This fund reports unrestricted resources.

The Restricted Fund reports internally and externally designated resources that are to be used for specific projects.

The Endowment Fund reports resources contributed for endowment. It also includes unrestricted resources internally designated as endowments. Investment income earned on the resources of these endowment funds is allocated to the Restricted Fund and/or to the Unrestricted Fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

Revenue recognition

Restricted donations are recognized as revenue of the Restricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted donations are recognized as revenue of the Unrestricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations for endowment are recognized as revenue in the Endowment Fund.

Investment income are recognized as revenue when earned.

Capital assets

Capital assets are recorded at cost. Amortization is computed on the straight-line basis over the estimated useful life of the assets as follows:

Office furniture and equipment	5 years
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2. Accounting policies (continued)

Reallocation of investment income and investment management fees

Investment income earned on Endowment Fund resources that must be spent on projects is allocated as revenue in the Restricted Fund. Investment income, unrealized change in fair value of investment and investment management fees on income-bearing funds are allocated to investment income-bearing funds based on the proportion of fund category capital to the total capital. Income on non-investment income-bearing accounts are allocated to the Unrestricted Fund.

Administration expenses

No administration fees are charged against the capital of the Restricted Fund for non-investment income-bearing funds. For investment income-bearing accounts, an administration fee of 1.5%, with an annual cap of \$40,000, is charged against the income of the Restricted Fund.

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 assets and financial liabilities originated or exchanged in related party transactions are initially recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Foundation in the transaction.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for the investments, which are measured at fair value at the balance sheet date. Interest earned on short-term investments and bonds, dividends received on unlisted shares, unrealized gains and losses on listed shares, and realized gains and losses on sales of short-term investments and bonds are included in the statement of operations.

Transaction costs

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized as interest income or expense.

Depreciation

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes an impairment loss, if any, 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 shall be reversed in the period the reversal occurs.

2. Accounting policies (continued)

Foreign currency translation

Amounts denominated in foreign currencies in these financial statements are translated into Canadian dollars on the following basis:

- (a) Fair value of investments, current assets and current liabilities – at the rate of exchange prevailing at year-end.
- (b) Purchase and sales of investments – at exchange rates prevailing on the transaction dates.
- (c) Income and expense items – at exchange rates prevailing on the transaction dates.

The gain or loss resulting from translation is included in the statement of operations.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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. Key components of the financial statements requiring management to make estimates include the useful life of long-lived assets and the fair value of certain financial instruments. Actual results could differ from these estimates.

3. Short-term investments

Short-term investments consist of term deposits with a Canadian chartered bank with a total principal amount of \$4,500,000 (\$5,600,000 as at March 31, 2023). As at March 31, 2024, the total amount consists of 3 term deposits (3 as at March 31, 2023), which earned interest up to 5.40% (5.11% as at March 31, 2023) and mature up to April 2024 (May 2023 as at March 31, 2023).

4. Investment information

(a) Investments

	2024	2023
	\$	\$
Canadian equities and Canadian pooled equity funds	62,315,699	54,146,104
US equities and US pooled equity funds	65,292,421	50,776,282
International pooled equity funds	38,976,349	34,037,019
Emerging market pooled equity funds	12,387,750	11,551,950
Canadian bonds and Canadian pooled fixed income funds	58,296,501	51,569,868
Canadian cash and short-term investments	4,960,900	5,332,740
	242,229,620	207,413,963

4. Investment information (continued)

(b) Unrealized change in fair value of investments

	2024	2023	2022
	\$	\$	\$
Fair value	242,229,620	207,413,963	206,907,805
Cost	211,792,505	205,694,415	199,629,328
	30,437,115	1,719,548	7,278,477
Change	28,717,567	(5,558,929)	(19,321,056)

(c) Interest and dividends

	2024	2023
	\$	\$
Interest	2,637,115	1,360,331
Dividends	4,548,932	3,357,048
	7,186,047	4,717,379

5. Capital assets

	2024			2023
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office furniture and equipment	42,389	42,389	—	3,532

Amortization recorded in expenditures amounts to \$3,532 (\$8,478 for the year ended March 31, 2023).

6. Contributions to McGill network and other establishments

The contributions to McGill network and other establishments are comprised of the following:

	2024	2023
	\$	\$
Research	6,297,789	6,952,912
Patient Care	6,112,996	2,992,214
Capital Projects and Equipment	5,613,494	874,062
Academic Enhancement	2,033,459	1,880,680
	20,057,738	12,699,868

7. Interfund transfers

For the year ended March 31, 2024, the Foundation made the following transfers between funds:

	Unrestricted Fund	Restricted Fund	Endowment Fund
	\$	\$	\$
Project funding	(2,748,818)	2,748,818	—
Reallocation of investment income	(22,304,889)	22,304,889	—
Charge for administration expenses	1,793,030	(1,793,030)	—
Charge for investment management fees	223,385	(223,385)	—
	(23,037,292)	23,037,292	—

8. Outstanding donation pledges

Outstanding donation pledges as at March 31, 2024, amounted to \$15,694,731 (\$17,173,950 as at March 31, 2023) and are receivable up to 2038. These amounts have not been recognized in the financial statements.

9. Commitments

As at March 31, 2024, the Foundation has commitments of \$36.0 million (\$34.3 million as at March 31, 2023) related to various board-approved projects to benefit the McGill network. The anticipated payments should be over the next five years.

10. Financial instruments and risks management

The Foundation is exposed to various risks throughout its financial instruments.

Market risk

Market risk represents the potential loss that can be caused by a change in the fair value of a security investment. The investments of the Foundation are subject to financial risks that arise from fluctuations of interest rates, foreign exchange rates, market fluctuations and the degree of volatility of these items in the stock market as they affect the value of investments. The Foundation's investment portfolio applies a diversification investment strategy to manage its risk and is monitored on a daily basis by various asset managers and quarterly by the Foundation's investment committee.

a) Currency risk

The Foundation is exposed to foreign currency risk on a portion of its investments. The majority of foreign investments are denominated in U.S. dollars (\$86,483,458 and \$69,483,458 as at March 31, 2024, and March 31, 2023, respectively). In addition, some of the Canadian pooled equity funds may also be subject to exposure to foreign currency risk on the underlying investments held. The Foundation manages this risk by setting targets for and monitoring exposure to foreign currencies.

10. Financial instruments and risks management (continued)

Market risk (continued)

b) Interest rate risk

A portion of the Foundation's investments is composed of fixed income funds, bonds and convertible loans receivable. Variations in related market interest rates will have an impact on their fair value of these instruments. Convertible loans receivable may have fixed interest rate and payable at maturity, therefore fair value can fluctuate.

Credit risk

The Foundation is exposed to credit risk related to its investment in bonds to the extent that the bond issuers may be unable to pay their obligations when due. Concentration of credit risk exists when a significant portion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. Management believes that the diversification strategy is adequate to protect the net assets of the Foundation from significant credit risks.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Foundation manages this risk by establishing realistic budgets and adapting to changing environments throughout the year. The Foundation also manages its cash flow by maintaining sufficient cash balances to meet current obligations and investing in high-quality government and corporate bonds and equity traded in an active market that can be liquidated should an unexpected obligation materialize.

11. Comparative figures

Certain prior comparative information has been reclassified to conform to the current year's presentation.