

# **Sinai Health System Foundation**

Consolidated Financial Statements

**March 31, 2023**



## Independent auditor's report

To the Board of Directors of Sinai Health System Foundation

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### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sinai Health System Foundation and its subsidiary (together, the Foundation) as at March 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.

#### What we have audited

The Foundation's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2023;
- the consolidated statement of operations and changes in fund balances for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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### 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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated 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.

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Foundation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario  
June 13, 2023

**Sinai Health System Foundation**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2023**

	2023 \$	2022 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	31,152,002	74,360,161
Accounts receivable	609,307	517,235
Prepaid expenses	1,112,981	155,128
Short-term investments (note 3)	91,105,710	40,161,647
	<u>123,980,000</u>	<u>115,194,171</u>
<b>Investments</b> (note 3)	145,097,896	137,576,589
<b>Capital assets</b> (note 4)	307,696	423,121
	<u>269,385,592</u>	<u>253,193,881</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 5)	4,400,000	4,500,000
Accounts payable and accrued liabilities	1,174,164	1,480,163
Due to Sinai Health System (note 6)	5,440,024	4,951,081
Deferred revenue	609,600	254,746
	<u>11,623,788</u>	<u>11,185,990</u>
<b>Due to Sinai Health System</b> (note 6)	5,171,407	5,196,407
<b>Employee future benefits</b> (note 7)	154,500	144,500
	<u>16,949,695</u>	<u>16,526,897</u>
<b>Fund Balances</b>		
<b>General Fund</b> (note 8)	(10,254,790)	(10,602,885)
<b>Restricted Fund</b>	99,956,797	97,222,411
<b>Endowment Fund</b> (note 9)	162,733,890	150,047,458
	<u>252,435,897</u>	<u>236,666,984</u>
	<u>269,385,592</u>	<u>253,193,881</u>

**Commitments** (note 15)

**Approved by the Board of Directors**

*M. Granovsky Bluskin*

Director

*Richard Pilosof*

Director

The accompanying notes are an integral part of these consolidated financial statements.

# Sinai Health System Foundation

## Consolidated Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2023

				2023	2022
	General Fund \$ (note 8)	Restricted Fund \$	Endowment Fund \$ (note 9)	Total \$	Total \$
<b>Revenue</b>					
Donations, bequests and contributions	7,527,008	31,557,691	15,539,158	54,623,857	68,485,405
Events	(41,073)	4,123,434	-	4,082,361	4,603,439
Other	275,904	-	-	275,904	241,267
Interest	4,427,043	66,993	234,582	4,728,618	765,092
	12,188,882	35,748,118	15,773,740	63,710,740	74,095,203
<b>Investment income</b> (note 10)	36,540	-	4,212,249	4,248,789	3,938,843
	12,225,422	35,748,118	19,985,989	67,959,529	78,034,046
<b>Expenses</b>					
Events	625,388	667,245	-	1,292,633	1,576,128
Fundraising and administrative	15,793,387	413,357	-	16,206,744	15,568,864
	16,418,775	1,080,602	-	17,499,377	17,144,992
<b>(Deficit) surplus before the undernoted</b>	(4,193,353)	34,667,516	19,985,989	50,460,152	60,889,054
<b>Grants</b> (note 11)	(32,920)	(34,676,019)	-	(34,708,939)	(27,537,616)
<b>(Deficit) surplus for the year</b>	(4,226,273)	(8,503)	19,985,989	15,751,213	33,351,438
<b>Fund balances – Beginning of year</b>	(10,602,885)	97,222,411	150,047,458	236,666,984	203,323,146
Employee future benefits remeasurement	17,700	-	-	17,700	(7,600)
Interfund transfers (note 13)	4,556,668	2,742,889	(7,299,557)	-	-
<b>Fund balances – End of year</b>	(10,254,790)	99,956,797	162,733,890	252,435,897	236,666,984

The accompanying notes are an integral part of these consolidated financial statements.

# Sinai Health System Foundation

## Consolidated Statement of Cash Flows

For the year ended March 31, 2023

	2023 \$	2022 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus for the year	15,751,213	33,351,438
Items not involving cash		
Amortization of capital assets	123,334	123,208
Employee future benefit expense	27,700	20,000
Reinvested investment income	(4,806,590)	(2,231,614)
Change in fair value of short-term investments	(1,894,282)	(308,454)
Change in fair value of investments	250,980	(1,716,708)
	<u>9,452,355</u>	<u>29,237,870</u>
Net changes in non-cash working capital items		
Accounts receivable	(92,072)	34,489
Prepaid expenses	(957,853)	357,306
Due to Sinai Health System	463,943	2,209,414
Accounts payable and accrued liabilities	(305,999)	314,269
Deferred revenue	354,854	(96,365)
	<u>8,915,228</u>	<u>32,056,983</u>
<b>Financing activities</b>		
Repayment of bank indebtedness	(100,000)	(250,000)
<b>Investing activities</b>		
Purchase of capital assets	(7,909)	(53,977)
Purchase of short-term investments	(89,211,428)	(40,000,000)
Proceeds from sale of short-term investments	40,469,329	40,372,630
Purchase of investments	(14,000,000)	(4,000,000)
Proceeds from sale of investments	10,726,621	-
	<u>(52,023,387)</u>	<u>(3,681,347)</u>
<b>Change in cash during the year</b>	(43,208,159)	28,125,636
<b>Cash – Beginning of year</b>	74,360,161	46,234,525
<b>Cash – End of year</b>	<u>31,152,002</u>	<u>74,360,161</u>
<b>Supplementary information</b>		
Interest paid	270,664	107,325

The accompanying notes are an integral part of these consolidated financial statements.

# **Sinai Health System Foundation**

## **Notes to Consolidated Financial Statements**

**March 31, 2023**

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### **1 Purpose of the organization**

Sinai Health System Foundation (the Foundation) is incorporated under the laws of Ontario as a corporation without share capital. The Foundation receives, accumulates and distributes funds and/or the income therefrom for the advancement of medical research, education and improvement of patient care at Sinai Health System (the Hospital).

The Foundation is a public foundation registered under the Income Tax Act (Canada) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes under registration number 11904 8106 RR0001.

### **2 Summary of significant accounting policies**

#### **Basis of presentation and consolidation**

These consolidated financial statements include the assets, liabilities, revenue and expenses of the Foundation and its subsidiary, the Benjamin Herbert Birstein Trust #2, in which the Foundation has effective control.

Management has prepared these consolidated financial statements in accordance with accounting standards for not-for-profit organizations (ASNPO).

The following summary of significant accounting policies is set forth to facilitate the understanding of these consolidated financial statements.

#### **Fund accounting**

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

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

a) **General Fund**

The General Fund accounts for the Foundation's general fundraising, granting and administrative activities. The General Fund reports unrestricted resources available for immediate use.

b) **Restricted Fund**

The Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board of Directors. Restricted donations, other than endowments, include a 10% allocation to the General Fund to fund critical needs support for the Hospital and a 5% allocation to support indirect research costs of the Lunenfeld-Tanenbaum Research Institute.



# **Sinai Health System Foundation**

## **Notes to Consolidated Financial Statements**

**March 31, 2023**

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c) **Endowment Fund**

The Endowment Fund includes those funds where either donor or Board of Directors restrictions require the principal to be maintained by the Foundation for a specified period of time.

### **Investments**

Publicly traded securities are valued based on the closing prices and pooled funds are valued based on reported unit values. Fixed income securities not publicly traded include State of Israel bonds and debentures, which are valued based on cost plus accrued income. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

### **Foreign currency translation**

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date. Investments and other monetary items denominated in foreign currencies are translated at the year-end rate. Translation gains and losses are included in the consolidated statement of operations and changes in fund balances.

### **Revenue recognition**

The Foundation follows the restricted fund method of accounting for contributions, which include bequests and other donations. Bequests and other donations are recognized when received. Unrestricted contributions are recognized as revenue of the General Fund in the year received. Donor restricted contributions for specific purposes are recognized as revenue with 90% recorded in the Restricted Fund and 10% in the General Fund to support highest priority needs. Donor restricted contributions requiring the capital to be maintained permanently are recognized as revenue of the Endowment Fund.

Investment income consists of interest, dividends and changes in fair value of investments, net of safekeeping and investment counsel and other investment expenses. Investment income earned on the Endowment Fund or Restricted Fund resources that must be spent on donor-designated activities is recognized as revenue of the Restricted Fund. Investment income subject to donor restrictions stipulating that it be added to the endowment is recognized as revenue of the Endowment Fund. Unrestricted investment income earned on Endowment Fund, Restricted Fund and General Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

The Foundation recognizes revenue from special events in the year in which the event occurs.

### **Government grants**

Grants from the government are recognized when there is reasonable assurance that the grant will be received and the Foundation has complied with all attached conditions.

# Sinai Health System Foundation

## Notes to Consolidated Financial Statements

March 31, 2023

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### Pledges

The Foundation records pledges as revenue when payment is received.

### Contributed goods and services

Contributed goods and services are not recognized in the consolidated financial statements.

### Capital assets

Purchased capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	10 years
Furniture and fixtures	10 years
Computer hardware and software	3 years

When a capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations and changes in fund balances. A writedown is not reversed.

### Financial instruments and risk management

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

Cash	amortized cost
Accounts receivable	amortized cost
Investments	fair value
Bank indebtedness	amortized cost
Accounts payable and accrued liabilities	amortized cost
Due to Sinai Health System	amortized cost

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset shall be written down and the resulting impairment loss shall be recognized in the consolidated statement of operations and changes in fund balances for the year.

### Employee future benefits

The Foundation accrues its obligations under employee future benefit plans and the related costs when the benefits are earned through current service. The cost of post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimates of retirement ages of employees and expected health-care and dental costs. Actuarial gains and losses arise when the accrued benefit obligations change during the year. Actuarial gains and losses are recorded directly in fund balances.

# Sinai Health System Foundation

## Notes to Consolidated Financial Statements

March 31, 2023

### Use of estimates

The preparation of consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

### 3 Investments

	2023 \$	2022 \$
Short-term		
Scotia bank notice plan	-	40,161,647
Guaranteed investment certificates	91,105,710	-
	<u>91,105,710</u>	<u>40,161,647</u>
Long-term		
Pooled funds	12,872,901	11,864,733
Bonds and debentures	50,190,658	57,694,033
Equities		
Canadian	27,999,980	8,106,469
US	32,391,985	28,040,205
International	3,946,520	18,831,145
Alternative strategies	16,500,332	12,522,676
Other	1,069,862	391,670
State of Israel bonds	125,658	125,658
	<u>145,097,896</u>	<u>137,576,589</u>

Pooled funds consist of cash and a short-term investment totalling \$338,771 (2022 – \$204,400), bonds of \$5,220,300 (2022 – \$5,321,182) and alternative strategies of \$7,313,830 (2022 – \$6,339,151).

The investment portfolio is managed in accordance with the Foundation's policy and/or donor agreements. Investments made using endowed funds are classified as long-term.

### 4 Capital assets

	<u>2023</u>		<u>2022</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Leasehold improvements	457,624	351,150	106,474	125,882
Furniture and fixtures	345,820	198,378	147,442	165,988
Computer hardware and software	682,041	628,261	53,780	131,251
	<u>1,485,485</u>	<u>1,177,789</u>	<u>307,696</u>	<u>423,121</u>

# Sinai Health System Foundation

## Notes to Consolidated Financial Statements

March 31, 2023

### 5 Bank indebtedness

The Foundation entered into a credit facility agreement with a Canadian chartered bank, which provides for a revolving operating line of credit of up to \$10,000,000, bearing interest at prime less 0.85%. As at March 31, 2023, the Foundation utilized \$4,400,000 (2022 – \$4,500,000) of the operating line of credit and has outstanding letters of credit amounting to \$nil (2022 – \$nil).

### 6 Related party balances and transactions

The Hospital is an independent corporation without share capital and has an independent board of directors. The Hospital is affiliated with the Foundation as a result of there being some common board members between the two organizations. Amounts owing to the Hospital include:

	2023 \$	2022 \$
Payable to the Hospital		
Lunenfeld-Tanenbaum Research Institute (LTRI)	4,621,343	4,646,343
Other payables	5,990,088	5,501,145
	<u>10,611,431</u>	<u>10,147,488</u>
Less: Current portion	5,440,024	4,951,081
	<u>5,171,407</u>	<u>5,196,407</u>

In October 2007, an agreement was made with the Hospital to provide operating grants of \$7,700,144 to LTRI. The agreement was amended in March 2015, for which annual payments are equal to a minimum of \$25,000 plus 1% annual interest. The outstanding payable relating to this agreement is \$4,621,343 (2022 – \$4,646,343).

The Hospital provides certain services to the Foundation and pays certain expenses on behalf of the Foundation. The Foundation reimburses the Hospital for all direct costs associated with the services provided and expenses paid. Administrative expenses of \$450,065 (2022 – \$553,988) were paid to the Hospital for office space occupied by the Foundation, which is leased on a month-to-month basis, payroll processing, human resources and information technology systems support, insurance coverage and visitors' reserved parking at the Hospital.

The Foundation manages Hennick Bridgepoint Foundation under a shared services agreement. Under the agreement, the Foundation provides services that are reimbursed at regular intervals throughout the year. For the year ended March 31, 2023, the Foundation recognized revenue of \$100,000 (2022 – \$119,156) for such services.

The Foundation also manages Arthritis Research Foundation under a shared services agreement. Under the agreement, the Foundation provides services that are reimbursed at regular intervals throughout the year. For the year ended March 31, 2023, the Foundation recognized revenue of \$100,000 (2022 – \$119,156) for such services.

The Foundation received \$288,000 (2022 – \$nil) from Mount Sinai Services Inc. and \$212,000 (2022 – \$nil) from Mount Sinai Fertility Corp. that were recognized as donations in the current year.

# Sinai Health System Foundation

## Notes to Consolidated Financial Statements

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### 7 Employee future benefits

The Healthcare of Ontario Pension Plan (HOOPP) is a multi-employer, defined benefit pension plan (the Plan). Enrolment in HOOPP is mandatory for the Foundation's full-time staff on hire date and part-time staff employees may qualify for optional membership. Contributions made to the Plan during the year by the Foundation amounted to \$645,174 (2022 – \$638,464) and are included in fundraising and administrative expenses on the consolidated statement of operations and changes in fund balances. The most recent actuarial valuation of the Plan as at December 31, 2022 indicates the Plan has a 117% surplus in disclosed actuarial assets and is fully funded on a solvency basis.

Certain retired employees of the Foundation are entitled to non-pension post-employment benefits such as health-care, dental, life insurance and other benefits. The Foundation has accrued \$154,500 (2022 – \$144,500) for its estimated obligations based on an actuarial valuation performed in March 2022.

### 8 General Fund

	2023 \$	2022 \$
Unrestricted	(10,562,486)	(11,026,006)
Invested in capital assets	307,696	423,121
	<u>(10,254,790)</u>	<u>(10,602,885)</u>

The unrestricted deficiency has arisen as a result of a shortfall of funds directed to LTRI from operating and unrestricted funds in prior years to meet the budgetary needs of LTRI.

### 9 Endowment Fund

Endowments consist of externally restricted donations received by the Foundation and internal resources transferred by the Board of Directors, in the exercise of its discretion. With respect to the latter case, the Board of Directors may have the right to subsequently decide to remove the designation. The endowment principal is required to be maintained intact over time, subject to the Foundation's endowment policy.

Investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Directors. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

The Foundation's endowment policy, for endowments other than the Lunenfeld Endowment Fund, has been established with the objective of protecting the value of the endowments by limiting the amount of income made available for spending to the payout amount and requiring the reinvestment of income not made available for payout, with the objective of increasing the combined value of donated funds and cumulative investment returns at the rate of inflation or greater, over time (preservation of capital). The payout amount is calculated on the opening fund balance and made available for spending restricted to the purposes set out in the donor agreement, if applicable, or as stipulated by the Board of Directors. The investment policy has established investment objectives that will preserve the real purchasing power and achieve long-term growth of its assets by

# Sinai Health System Foundation

## Notes to Consolidated Financial Statements

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seeking returns on its investments that are in excess of the payout amount and the rate of inflation. The payout amount made available for spending is reviewed and set by the Board of Directors annually. For 2023, the payout amount was set at 5.0% (2022 – 5.0%). The Lunenfeld Endowment Fund has a payout rate of actual investment income earned during the year.

In any particular year, should net investment income be insufficient to satisfy the payout amount set by the Board of Directors, or if the investment return is negative, the payout amount is funded by the accumulated reinvested income in the Endowment Fund. In general, for individual endowment funds without sufficient accumulated reinvestment income, endowment capital is used in the current year. This amount is expected to be recovered by future net investment income.

In fiscal 2023, investment income of \$4,212,249 (net of fees and expenses of \$579,876 (2022 – \$4,119,300 (net of fees and expenses of \$593,109))) was earned on endowment funds. The payout amounts recorded in the Restricted and General Funds at \$5,952,049 (2022 – \$5,200,344) consist of the payout amount of 4.0% (2022 – 4.0%) of non-Lunenfeld endowment funds and of 4% (2022 – 4.0%) of Lunenfeld endowment funds. The payout amount recorded in the General Fund was \$1,356,705 (2022 – \$1,163,294), calculated as 1.0% (2022 – 1.0%) of non-Lunenfeld endowment funds.

Major categories of restrictions on fund balances are as follows:

	2023 \$	2022 \$
Endowments, income from which must be used for research purposes	77,673,359	76,343,547
Endowments, income from which must be used for other restricted purposes	84,921,588	73,562,493
Funds restricted for research endowed by the Board of Directors	138,943	141,418
	<u>162,733,890</u>	<u>150,047,458</u>

### 10 Investment income

				2023	2022
	General Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
Investment income	153,602	-	4,953,478	5,107,080	2,850,403
Change in fair value of investments	(82,044)	-	(161,353)	(243,397)	1,718,909
	71,558	-	4,792,125	4,863,683	4,569,312
Less: Investment and custodian fees	35,018	-	579,876	614,894	630,469
Net investment income	<u>36,540</u>	-	<u>4,212,249</u>	<u>4,248,789</u>	<u>3,938,843</u>

# Sinai Health System Foundation

## Notes to Consolidated Financial Statements

March 31, 2023

### 11 Grants

The grants to the Hospital were as follows:

	2023 \$	2022 \$
Capital, clinical and other	24,208,939	24,412,616
LTRI	10,500,000	3,125,000
	<u>34,708,939</u>	<u>27,537,616</u>

### 12 Advance from the Endowment Fund

In fiscal 2013, the Foundation provided a \$10,000,000 advance on future grants to the Hospital to support the operations of LTRI drawn from the Endowment Fund, as permitted by the endowment agreement and granted through the General Fund. In fiscal 2020, an additional \$4,000,000 advance was made to the Restricted Fund and was granted to the Hospital to support LTRI operations. These amounts will be repaid to the Endowment Fund through future donations and annual surpluses. As at March 31, 2023, the remaining balance to be repaid is \$2,762,726 (2022 – \$4,119,431).

### 13 Interfund transfers

In fiscal 2022, the Foundation transferred \$7,299,557 (2022 – \$6,235,216) from the Endowment Fund to the General and Restricted Funds to fund the payout amount on endowed funds and fund-restricted payments. Of this amount, \$4,556,668 (2022 – \$1,224,846) was transferred to the General Fund and \$2,742,889 (2022 – \$5,010,370) was transferred to the Restricted Fund.

### 14 Pledges receivable

At the end of the fiscal year, pledges receivable by the Foundation are as follows:

	\$
2023/2024	89,648,478
2024/2025	22,422,487
2025/2026	15,766,094
2026 and thereafter	<u>68,313,584</u>
	<u>196,150,643</u>

### 15 Commitments

From time to time, the Foundation may enter into arrangements whereby it is required to match amounts donated on a best efforts basis over an unspecified period. As at March 31, 2023, there was \$366,796 (2022 – \$366,796) of such amounts to be funded. In addition, there exists a commitment to match the annual payout for joint Sinai Health System-University of Toronto endowed chairs based on the closing market value of the investments at the beginning of each fiscal year. The match amount for the next fiscal year has been calculated

# **Sinai Health System Foundation**

## **Notes to Consolidated Financial Statements**

**March 31, 2023**

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at \$274,246 (2022 – \$248,012). Since the match is based on the market value of investments, the amount in future years will fluctuate and is expected to increase over the long term.

### **16 Financial instruments**

The Foundation is exposed to various financial risks through its transactions in financial instruments.

#### **Currency risk**

The Foundation is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because the fair value and future cash flows will fluctuate due to changes in the relative value of foreign currencies against the Canadian dollar.

#### **Credit risk**

The Foundation is exposed to credit risk in connection with its cash, short-term and fixed income investments because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. To manage this risk, the Foundation has an investment policy, which includes a target mix of investment types and concentration limits designed to achieve the optimum return within reasonable risk tolerances, and only does business with reputable financial institutions.

#### **Interest rate risk**

The Foundation is exposed to interest rate risk with respect to its investments in fixed income investments and a pooled fund that holds fixed income securities, because the fair value will fluctuate due to changes in market interest rates.

#### **Other price risk**

The Foundation is exposed to other price risk through changes in market prices, other than changes arising from interest rate or currency risk, in connection with its investments in equity securities and pooled funds. To manage this risk, the Foundation invests in a target mix of investment types in accordance with its investment policy.