



**Financial statements
of CHU Sainte-Justine
Foundation**

March 31, 2020

Independent Auditor's Report

To the Members of the
CHU Sainte-Justine Foundation

Opinion

We have audited the financial statements of CHU Sainte-Justine Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2020, 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 March 31, 2020, 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 audit 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.

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

June 17, 2020

¹ CPA auditor, CA, public accountancy permit No. A120628

CHU Sainte-Justine Foundation
Statement of operations and changes in fund balances
Year ended March 31, 2020

		2020				2019			
Notes	General Fund	Multidisciplinary Projects Fund	Endowment Fund	Total	General Fund	Multidisciplinary Projects Fund	Endowment Fund	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue									
	11,101,876	19,374,759	1,371,218	31,847,853	14,209,476	18,273,463	1,184,808	33,667,747	
3	(1,383,662)	—	(730,571)	(2,114,233)	2,148,602	105,833	1,098,697	3,353,132	
4	6,653,918	—	—	6,653,918	6,529,478	—	—	6,529,478	
	16,372,132	19,374,759	640,647	36,387,538	22,887,556	18,379,296	2,283,505	43,550,357	
Fundraising expenses									
2	4,156,400	47,452	—	4,203,852	4,260,632	—	—	4,260,632	
	60,300	—	—	60,300	82,843	—	—	82,843	
4	1,210,897	—	—	1,210,897	1,166,781	—	—	1,166,781	
	5,427,597	47,452	—	5,475,049	5,510,256	—	—	5,510,256	
Operating expenses									
2, 10	2,001,112	—	—	2,001,112	1,679,287	—	—	1,679,287	
	129,303	—	—	129,303	461,789	—	—	461,789	
	219,516	—	—	219,516	202,895	—	—	202,895	
	2,349,931	—	—	2,349,931	2,343,971	—	—	2,343,971	
Excess of revenue over expenses before contributions to CHU Sainte-Justine									
	8,594,604	19,327,307	640,647	28,562,558	15,033,329	18,379,296	2,283,505	35,696,130	
Contributions to CHU Sainte-Justine									
	649,370	13,363,539	—	14,012,909	4,248,060	15,021,218	537,217	19,806,495	
	200,000	1,385,543	42,292	1,627,835	1,784,490	390,000	265,347	2,439,837	
	53,180	2,822,149	—	2,875,329	1,371,777	4,027,444	37,483	5,436,704	
	5,061,848	5,137,680	—	10,199,528	4,997,275	—	—	4,997,275	
	5,964,398	22,708,911	42,292	28,715,601	12,401,602	19,438,662	840,047	32,680,311	
(Deficiency) excess of revenue over expenses									
	2,630,206	(3,381,604)	598,355	(153,043)	2,631,727	(1,059,366)	1,443,458	3,015,819	
Fund balances, beginning of year									
	758,041	39,534,968	26,249,079	66,542,088	1,604,611	38,253,130	23,668,528	63,526,269	
9	(1,984,881)	4,646,770	(2,661,889)	—	(3,478,297)	2,341,204	1,137,093	—	
Fund balances, end of year									
	1,403,366	40,800,134	24,185,545	66,389,045	758,041	39,534,968	26,249,079	66,542,088	

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

CHU Sainte-Justine Foundation

Statement of financial position

As at March 31, 2020

					2020	2019
Notes	General Fund	Multidisciplinary Projects Fund	Endowment Fund	Total	Total	
	\$	\$	\$	\$	\$	
Assets						
Investments and accrued interest						
Investments	5	65,478,996	—	—	65,478,996	74,380,427
Accrued interest		80,867	—	—	80,867	146,946
		65,559,863	—	—	65,559,863	74,527,373
Cash		4,867,349	—	—	4,867,349	425,775
Amounts due by the General Fund*		—	46,125,089	24,185,545	—	—
Accounts receivable		2,585,034	—	—	2,585,034	1,342,398
Prepaid expenses		95,048	—	—	95,048	134,190
Capital assets and intangible assets	6	962,828	—	—	962,828	145,292
		74,070,122	46,125,089	24,185,545	74,070,122	76,575,028
Liabilities						
Accounts payable and accrued liabilities		913,146	—	—	913,146	780,066
Contributions payable to CHU Sainte-Justine		1,267,635	5,324,955	—	6,592,590	8,999,989
Deferred revenue from activities		175,341	—	—	175,341	252,885
Amount due to other Funds*		70,310,634	—	—	—	—
		72,666,756	5,324,955	—	7,681,077	10,032,940
Commitments	14					
Fund balances						
Invested in capital assets and intangible assets	7	962,828	—	—	962,828	145,292
External restrictions	8	—	34,853,240	18,803,514	53,656,754	51,615,183
Internal restrictions		—	5,946,894	5,382,031	12,328,925	14,168,864
Unrestricted	7	440,538	—	—	440,538	612,749
		1,403,366	40,800,134	24,185,545	66,389,045	66,542,088
		74,070,122	46,125,089	24,185,545	74,070,122	76,575,028

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

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

On behalf of the Board

Director

Director

CHU Sainte-Justine Foundation**Statement of cash flows**

Year ended March 31, 2020

	2020	2019
	\$	\$
Operating activities		
(Deficiency) excess of revenue over expenses	(153,043)	3,015,819
Adjustments for:		
Amortization of capital assets and intangible assets	86,340	78,368
Change in fair value of investments	4,174,393	(1,632,050)
	4,107,690	1,462,137
Changes in non-cash operating working capital items		
Accrued interest	66,079	(37,396)
Accounts receivable	(1,242,636)	(347,893)
Prepaid expenses	39,142	(33,035)
Accounts payable and accrued liabilities	133,080	(48,612)
Contributions payable to CHU Sainte-Justine	(2,407,399)	1,806,991
Deferred revenue from activities	(77,544)	(81,683)
	(3,489,278)	1,258,372
	618,412	2,720,509
Investing activities		
Net disposal (acquisition) of investments	4,727,038	(2,554,702)
Acquisition of capital assets and intangible assets	(903,876)	(97,570)
	3,823,162	(2,652,272)
Net increase in cash	4,441,574	68,237
Cash, beginning of year	425,775	357,538
Cash, end of year	4,867,349	425,775

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

1. Status and nature of activities

The CHU Sainte-Justine Foundation (the "Foundation"), incorporated under Part III of the *Companies Act* (Quebec), subsidizes, for medical, charitable, education and research purposes, the CHU Sainte-Justine, its beneficiaries and its affiliated works. It is a registered charity under the *Income Tax Act*.

2. Accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Adoption of Chapter 4433 amendments

The Foundation has adopted amendments to Chapter 4433 of the *CPA Canada Handbook – Accounting* entitled "Tangible capital assets held by not-for-profit organizations" for fiscal year beginning April 1, 2019. In accordance with the transitional provisions, the Foundation applies these changes prospectively. The amendments address the cost-of-capital cost breakdown requirements with significant separate components and the consideration of partial impairments. The adoption of these amendments did not affect the information to be provided or the amounts recorded in the Foundation's financial statements during the reporting period.

Fund Accounting

The Foundation uses the method of accounting by allocated funds to account for its activities.

i) General Fund

The General Fund only includes unrestricted donations and contributions, revenues from commercial activities, unrestricted interest income, as well as any related expenses and operating expenses. The Fund also presents assets and expenses related to capital assets. This Fund presents unrestricted resources on the Statement of financial position date.

ii) Multidisciplinary Projects Fund

External restrictions

The externally restricted Multidisciplinary Projects Fund includes donations and contributions received for which the donors have specified that the latter should be restricted for specific purposes for projects.

Internal restrictions

The internally restricted Multidisciplinary Projects Fund includes resources restricted by the Board of Directors for specific purposes for medium-term projects. The Foundation may not use these resources for other purposes without the prior consent of the Board.

iii) Endowment Fund

External restrictions

The externally restricted Endowment Fund includes donations received for which the donors have specified that the latter should be maintained in perpetuity, as well as a portion or the full investment revenue when specified by donors.

Internal restrictions

The internally restricted Endowment Fund includes resources restricted by the Board of Directors from which the revenues generated are used to ensure the Foundation's financial stability. The Foundation may not use these resources for other purposes without the prior consent of the Board.

2. Accounting policies (continued)

Revenue recognition

The Foundation follows the restricted fund method whereby externally restricted contributions are recognized upon reception in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which no corresponding restricted fund is presented must be recognized in the General Fund using the deferral method. Endowments are recorded as revenues in the Endowment Fund when they are received.

Donations and contributions

Donations and contributions are recognized in the period in which they are received or when collection is reasonably assured. Pledges and contributions are recorded in the notes to the financial statements.

Contributions of materials

Contributions of materials, measured at fair value established by an independent valuator, are recognized in the year in which they are received.

Contributions of services

Contributions of services are not recognized in the financial statements.

Investment income

Investment income is recognized when earned and takes into account the change in the unrealized fair value of investments.

The Foundation signed a fund management agreement in effect since April 1, 2007, under which the interest generated by the investments resulting from contributions by Opération Enfant Soleil remain the property of Opération Enfant Soleil until the contributions are paid to the CHU Sainte-Justine. Contributions are paid by the Foundation to CHU Sainte-Justine when Opération Enfant Soleil confirms that the conditions for acceptance of the related projects have been satisfied. The value of investments and cash at the end of the year is \$2,766,843 (\$3,638,030 as at March 31, 2019).

Income from activities

Revenues from activities are recognized in the fiscal year in which the activities take place.

Expense breakdown

The different categories of expenses in the Statement of operations and changes in fund balances include direct charges, excluding employees' wages and payroll taxes, which are broken down between fundraising expenses for \$3,275,295 (\$3,176,345 in 2019) and operating expenses for \$1,541,315 (\$1,361,291 in 2019). The division between the two functions is based on the time allocated by the affected employees.

Contributions to CHU Sainte-Justine

Contributions to CHU Sainte-Justine are recognized in the Statement of operations and changes in fund balances in the period in which they are granted.

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments and accrued interest, which are measured at fair value on the reporting date. Fair value fluctuations including interest earned, interest accrued, unrealized gains and losses are included in investment income.

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 in the Statement of operations and changes in fund balances as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes an impairment loss, if any, in the Statement of operations and changes in fund balances when there are indicators of impairment and 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 on a straight-line over their estimated useful lives at the following annual rates:

Leasehold improvements	5 years
Computer equipment	3 years
Furniture and equipment	5 to 10 years
Activities equipment	4 years
Machinery and equipment	5 years

Intangible assets

Intangible assets, consisting of registration software and other software, are accounted for at cost and are depreciated according to their useful life using the linear depreciation method over a five-year period. The depreciation of the registration software will begin when it is put into service.

Write-down of capital assets and intangible assets

Where circumstances indicate that a capital asset or an intangible asset has been depreciated, its net book value must be reduced to fair value or the cost of replacing the asset. Capital value reductions must be recorded as expenses in the Statement of operations and changes in fund balances. A reduction in value should not be taken back.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

CHU Sainte-Justine Foundation
Notes to the financial statements
 March 31, 2020

3. Investment income

	2020				2019
	General Fund	Multidisciplinary Projects Fund	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Interest	415,125	—	219,185	634,310	505,071
Dividends	933,149	—	492,701	1,425,850	1,216,011
Change in fair value	(2,731,936)	—	(1,442,457)	(4,174,393)	1,632,050
	(1,383,662)	—	(730,571)	(2,114,233)	3,353,132

4. Commercial activities

	2020			2019
	Parking	Service area and other	Total	Total
	\$	\$	\$	\$
Revenue	6,270,756	383,162	6,653,918	6,529,478
Expenses	(1,125,812)	(85,085)	(1,210,897)	(1,166,781)
	5,144,944	298,077	5,443,021	5,362,697

For the year ended March 31, 2020, the excess of revenue over expenses from the parking lot located on Côte Sainte-Catherine road was distributed to CHU Sainte-Justine.

5. Investments

	2020	2019
	\$	\$
Cash and cash equivalents		
Investment fund of monetary fund	7,273,225	977,995
Cash at broker and custodian	42,903	181,559
Term deposits, at rates varying from 2.08% to 2.12% (1.15% to 1.60% in 2019), maturing in October 2020	4,523,603	16,948,016
Bonds		
Investment fund	29,133,810	28,349,244
Shares in public companies		
Investment fund	24,505,455	27,923,613
	65,478,996	74,380,427

6. Capital assets and intangible assets

	2020			2019
	Cost	Accumulated amortization	Net carrying value	Net carrying value
	\$	\$	\$	\$
Leasehold improvements	78,492	1,308	77,184	60,806
Computer equipment	330,067	229,570	100,497	40,508
Furniture and equipment	559,179	9,320	549,859	1,280
Activities equipment	149,113	144,274	4,839	25,110
Machinery and equipment	28,536	16,660	11,876	17,588
Capital assets	1,145,387	401,132	744,255	145,292
Information system	235,354	16,781	218,573	—
Intangible assets	235,354	16,781	218,573	—
	1,380,741	417,913	962,828	145,292

Amortization for the year amounts to \$86,340 (\$78,368 in 2019) and is included in fundraising expenses of donations and contributions as well as operating expenses.

7. General Fund balances

	2020			2019		
	Invested in capital assets and intangible assets	Unrestricted	Total	Invested in capital assets and intangible assets	Unrestricted	Total
	\$	\$	\$	\$	\$	\$
Balances, beginning of year	145,292	612,749	758,041	126,090	1,478,521	1,604,611
Excess (deficiency) of revenue over expenses*	(86,340)*	2,716,546	2,630,206	(78,368)*	2,710,095	2,631,727
Transfer	—	(1,984,881)	(1,984,881)	—	(3,478,297)	(3,478,297)
Acquisition of capital assets and intangible assets	903,876	(903,876)	—	97,570	(97,570)	—
Balances, end of year	962,828	440,538	1,403,366	145,292	612,749	758,041

* This amount corresponds to the amortization of capital assets and intangible assets.

8. Fund balance of the Endowment Fund – externally restricted

Endowment funds include amounts received from donors to be retained in perpetuity as well as accumulated investment income

	2020	2019
	\$	\$
Endowment capital	16,800,774	18,414,486
Accumulated investment income	2,002,740	2,834,593
Balances, end of the year	18,803,514	21,249,079

CHU Sainte-Justine Foundation
Notes to the financial statements
 March 31, 2020

9. Interfund transfers

Interfund transfers are carried out to conform to the instructions received by donors and the resolutions of the Board of Directors.

	2020				2019			
	General Fund	Multidisciplinary Projects Fund	Endowment Fund	Total*	General Fund	Multidisciplinary Projects Fund	Endowment Fund	Total*
	\$	\$	\$	\$	\$	\$	\$	\$
Changes in donor's intentions	(102,850)	3,146,770	(3,043,920)	—	(878,297)	(258,796)	1,137,093	—
Reallocation of surplus funds by the Board of Directors	(1,882,031)	1,500,000	382,031	—	(2,600,000)	2,600,000	—	—
	(1,984,881)	4,646,770	(2,661,889)	—	(3,478,297)	2,341,204	1,137,093	—

10. Pension plan

The Foundation offers a defined contribution pension plan to its employees. The Foundation pays its financial obligations to this plan regularly and, as at March 31, 2020, all of the obligations have been recorded. The expense and the amount disbursed during the year total \$111,431 (\$106,602 in 2019).

11. Pledges and contributions receivable

	Years ending March 31					Total
	2021	2022	2023	2024	2025 and beyond	
	\$	\$	\$	\$	\$	\$
Multidisciplinary Projects Fund	7,210,197	12,109,811	5,376,645	1,163,800	1,466,100	27 326 553
Endowment Fund	215,000	515,000	215,000	215,000	—	1 160 000
	7,425,197	12,624,811	5,591,645	1,378,800	1 466,100	28 486 553

As at March 31, 2020, a group of future pledges to occur upon death and totalling over \$41,000,000 (\$37,000,000 in 2019) was brought to the attention of the Foundation.

12. Financial instruments

The Foundation, through its financial assets and financial liabilities, has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is due to the fact that the Foundation has investments in bonds. The credit risk associated with investments in bonds is limited, since the investment policy provides that the counterparties shall be either governments, governmental agencies or companies with high credit ratings assigned by national credit-rating agencies.

Market risk

Market risk is the risk of loss that results from fluctuations in equity prices, interest and exchange rates. The Foundation is exposed to market risk from its investing activities. The level of risk to which the Foundation is exposed varies depending on market conditions and the composition of the investment mix.

Through its investment committee, management has developed an investment policy addressing the manner in which the Foundation shall be invested. Investments shall be selected and held in accordance with the criteria and limitations set forth in the policy and in accordance with the relevant legislation. The policy is reviewed at least annually. The investment policy includes guidelines on asset mix and risk allocation.

Interest rate risk

Bonds held in investment funds bear interest at fixed rates. As a result, changes in market interest rates will have an impact on the fair value of these investments.

Foreign exchange risk

The Foundation holds foreign investments in U.S. dollars that have a fair value of \$15,332,588 (\$14,132,694 in 2019). Consequently, it is exposed to foreign exchange fluctuations. The same applies to interest income.

13. Related party transactions

CHU Sainte-Justine holds an economic interest in the Foundation, given that the Foundation was created to provide it with financial assistance.

Transactions carried out with CHU Sainte-Justine, which is a related organization, as well as related liabilities, are presented separately in the financial statements or the notes to the financial statements, with the exception of \$132,115 (\$175,699 in 2019), which is included in commercial activities expenses.

The Foundation benefits from free occupation of the rental spaces as the building in which the offices of the Foundation are located belongs to CHU Sainte-Justine.

On the other hand, the Foundation incurred professional, catering and financial management fees from companies of which certain board members are associates or managers. These transactions total \$97,960 (\$86,306 in 2019).

These transactions were made in the normal course of business and have been recorded at the exchange amounts, which is the amount of consideration established and agreed to by the related parties.

14. Commitments

The Foundation renewed its commitment during the year to the CHU Saint-Justine research center and will pay it an annual amount of \$3,000,000 over a six-year period, from 2019 to 2025, for a total commitment of \$18,000,000.

Finally, the Foundation is committed to pay an amount of \$10,446,234 for the construction of the Technopôle de réadaptation. Under this commitment, a cumulative amount of \$9,444,275 as at March 31, 2020, has been paid and a balance of \$1,001,959 remains to be paid in respect of this commitment.

15. Comparative figures

Certain comparative figures for the previous year have been reclassified to conform to the presentation adopted for fiscal 2020.

THANK YOU 