McGill University Health Centre Foundation
Financial Statements
For the year ended March 31, 2025

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Independent Auditor's Report

To the Board of Directors of
McGill University Health Centre Foundation

Qualified Opinion

We have audited the financial statements of McGill University Health Centre Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2025, 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.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As explained in Note 4, the Foundation does not amortize the building. Following the commencement of capital repayments on the debt related to the acquisition of the building, the Foundation reduces the mortgage and cost of the land and building by the amount of the capital repayments made during the year, which amounted to $1,628,490 (2024 - $1,536,020). The rental income equivalent to the interest and capital repayments, as well as the interest and amortization expenses have not been included in the statements of operations and changes in fund balances. This treatment does not align with Canadian accounting standards for not-for-profit organizations. If amortization had been recorded, and interest expense and rental income recognized according to these standards, the statement of operations would have reflected an increase in revenue of $3,172,498 (2024 - $3,172,498), and charges for amortization and interest expense of $818,491 (2024 - $818,491) and $1,544,008 (2024 - $1,636,478), respectively. As a result, the net impact on the excess of revenue over expenditures for the year would be a decrease of $809,999 (2024 - $717,529) and the cumulative effect on net assets would have been a reduction of $861,672 (2024 - $1,671,671). Our opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of this departure from Canadian accounting standards for not-for-profit organizations.

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 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 qualified opinion.

Independent Auditor's Report

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 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 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 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.

[1]

BDO Canada s.r.l./S.E.N.C.R.L./LLP

Montréal, Québec
June 18, 2025

[1] CPA auditor, public accountancy permit No. A131723

McGill University Health Centre Foundation
Statement of Financial Position

For the year ended March 31

	General Fund	Trust, Special and Capital Campaign Funds	Endowment Fund	2025 Total	2024 Total
Assets					
Current					
Cash	$ -	$ 5,158,549	$ -	$ 5,158,549	$ 6,673,260
Other receivables	36,021	-	-	36,021	30,168
Prepaid expenses and other assets	207,103	10,150	-	217,253	194,638
	243,124	5,168,699	-	5,411,823	6,898,066
Investments (Note 2)	41,904,937	25,484,484	85,730,851	153,120,272	140,400,829
Leasehold improvements, net of accumulated amortization of $387,336 (2024 - $358,930)	57,957	-	-	57,957	69,685
Artwork (Note 3)	-	1,676,891	-	1,676,891	1,203,981
Land and building (Note 4)	-	26,719,588	-	26,719,588	28,348,078
	$ 42,206,018	$ 59,049,662	$ 85,730,851	$ 186,986,531	$ 176,920,639
Liabilities and Capital					
Current					
Accounts payable and accrued liabilities	$ 818,786	$ 467,788	$ 178,013	$ 1,464,587	$ 1,193,481
Payable to the MUHC, non-interest bearing, due on demand	-	676,018	-	676,018	275,274
Due to (from) other funds (Note 5)	9,025,861	(17,623,923)	8,598,062	-	-
	9,844,647	(16,480,117)	8,776,075	2,140,605	1,468,755
Mortgage on land and building (Note 4)	-	26,719,588	-	26,719,588	28,348,078
	9,844,647	10,239,471	8,776,075	28,860,193	29,816,833
Capital					
Fund balances					
Unrestricted	32,361,371	-	-	32,361,371	27,909,772
Restricted	-	48,810,191	70,226,945	119,037,136	112,953,480
Funds held by Trustees					
Lord Mount Stephen and Lord Strathcona Donations	-	-	5,717,544	5,717,544	5,310,023
Sir Herbert S. Holt Foundation	-	-	1,010,287	1,010,287	930,531
	32,361,371	48,810,191	76,954,776	158,126,338	147,103,806
	$ 42,206,018	$ 59,049,662	$ 85,730,851	$ 186,986,531	$ 176,920,639

On behalf of the Board: Maria Della Posta Director Bryan Fitzpatrick Director

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

McGill University Health Centre Foundation
Statement of Operations

For the year ended March 31	General Fund	Trust, Special and Capital Campaign Funds	Endowment Fund	2025 Total	2024 Total
Revenue					
Donations and grants	$ 1,204,004	$ 28,415,247	$ 100,000	$ 29,719,251	$ 27,536,711
Estates	771,285	1,833,960	-	2,605,245	1,557,862
Activities	-	4,151,022	-	4,151,022	2,932,473
	1,975,289	34,400,229	100,000	36,475,518	32,027,046
Expenditures					
Administrative costs	835,002	-	-	835,002	767,643
Compensation and benefits	4,608,641	-	-	4,608,641	4,187,241
Fundraising and campaign costs	803,742	772,885	-	1,576,627	1,649,212
	6,247,385	772,885	-	7,020,270	6,604,096
Other income					
Investment income					
Interest and dividends	1,767,959	-	1,832,639	3,600,598	3,419,253
Gain on sale of investments	4,244,531	221	4,847,226	9,091,978	448,104
Change in unrealized gain on investments	1,553,293	27,830	2,422,174	4,003,297	11,987,505
	7,565,783	28,051	9,102,039	16,695,873	15,854,862
Investment management fees	(328,238)	-	(466,460)	(794,698)	(1,042,348)
Other	159,903	-	-	159,903	138,409
	7,397,448	28,051	8,635,579	16,061,078	14,950,923
Excess of revenue over expenditures before the following	3,125,352	33,655,395	8,735,579	45,516,326	40,373,873
Distributions for the benefit of the MUHC	(4,050)	(34,489,744)	-	(34,493,794)	(25,432,756)
Excess (deficiency) of revenue over expenditures for the year	$ 3,121,302	$ (834,349)	$ 8,735,579	$ 11,022,532	$ 14,941,117

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

McGill University Health Centre Foundation
Statement of Changes in Fund Balances

For the year ended March 31	General Fund	Trust, Special and Capital Campaign Funds	Endowment Fund	2025 Total	2024 Total
Fund balances, beginning of year	$ 27,909,772	$ 48,677,262	$ 70,516,772	$ 147,103,806	$ 132,162,689
Excess (deficiency) of revenue over expenditures for the year	3,121,302	(834,349)	8,735,579	11,022,532	14,941,117
Interfund transfers (Note 6)	1,330,297	967,278	(2,297,575)	-	-
Fund balances, end of year	$ 32,361,371	$ 48,810,191	$ 76,954,776	$ 158,126,338	$ 147,103,806

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

McGill University Health Centre Foundation
Statement of Cash Flows

For the year ended March 31	2025	2024
Cash flows from operating activities		
Contributions received from individuals, corporations and events	$ 33,728,343	$ 30,731,206
Interest and dividends	3,600,598	3,419,253
Other income	238,460	234,646
	37,567,401	34,385,105
Office administration, investment management fees and fundraising expenses paid	(7,543,924)	(8,499,710)
Payments made in respect of the distributions for the benefit of the MUHC	(33,969,253)	(24,763,515)
Other non-operating expenses paid	(6,750)	(64,502)
	(41,519,927)	(33,327,727)
	(3,952,526)	1,057,378
Cash flows from investment activities*		
Purchase of investments	(17,239,365)	(6,443,520)
Proceeds on sale of investments	19,693,858	6,455,175
Disbursements for leasehold improvements	(16,678)	(68,328)
	2,437,815	(56,673)
(Decrease) increase in cash during the year	(1,514,711)	1,000,705
Cash, beginning of year	6,673,260	5,672,555
Cash, end of year	$ 5,158,549	$ 6,673,260

*Purchase of investments and the proceeds on sale of investments represent, in large part, the periodic rollover of funds in investments pending distribution to the MUHC.

March 31, 2025

1. Significant Accounting Policies

Nature of Operations

The McGill University Health Centre Foundation's (the "Foundation") mission is to receive and invest funds and apply them to health care activities for the benefit of the McGill University Health Centre ("MUHC"), its related institutions and other qualified donees with a similar mission. The Foundation is a not-for-profit organization incorporated under the laws of Québec and is a registered charity under the *Income Tax Act* (Canada).

Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO"), except for the departure from ASNPO as described below in Land and Building.

Fund Accounting and Fund Balances

The General Fund includes all unrestricted resources. It includes operating expenditures, unrestricted investment income and unrestricted donations. The fund balance represents net assets that are not subject to internally or externally imposed restrictions.

The Trust, Special and Capital Campaign Funds include donations from individuals, grants from corporations and foundations and donations designated for the MUHC's Best Care for Life Campaign. Funds are spent primarily on research, teaching, patient care and the construction of the new hospital. These funds include externally restricted funds from donations that must be spent according to the donors' wishes. Income generated from investments held in these Funds is recognized as income of the General Fund, unless otherwise specified by the donor.

The Endowment Fund consists of donations, including legacies and bequests, received from donors requesting that their donations be retained permanently. The income generated from these donations is spent in accordance with the donor's specifications and is allocated to the Endowment Fund, General Fund or the Trust, Special and Capital Campaign Funds.

Revenue Recognition

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

Unrestricted and restricted donations and grants, endowments and estate contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations in kind are recorded at fair value when such value can reasonably be determined. Revenue from activities is recognized as revenue when received. Income on invested funds and expenditures are recorded on an accrual basis.

1. Significant Accounting Policies (Continued)

Land and Building

Land and building are recorded at cost. Due to the special terms and conditions with the MUHC as per Note 4, the Foundation has elected not to provide for any amortization on the building. The cost of the building is reduced annually by an amount equivalent to the amount of capital repayments made by the Foundation on the associated mortgage.

Artwork

Artwork is accounted for at cost including transaction costs. No amortization is recorded as artwork is expected to appreciate. Artwork is reviewed for impairment when events or changes in circumstances indicate that the carrying value has changed.

Pledges

Pledges are recorded as donations when the funds are received.

Contributed Services

Every year, volunteers contribute many hours to assist the McGill University Health Centre Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Pension Plan

The Foundation has a defined contribution pension plan for employees. The Foundation’s pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

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 date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Significant items subject to estimates and assumptions include, but are not limited to, estimated useful life of assets and impairment of long-lived assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Significant Accounting Policies (Continued)

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expenditures is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

Financial Instruments

Measurement of Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost with the exception of investments which are subsequently measured at fair value based on closing prices.

Financial assets measured at amortized cost include cash and other receivables.

Financial liabilities measured at amortized cost include accounts payable, payable to the MUHC and mortgage on land and building.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Unrealized gain on investments, which are measured at fair value, are recognized in the statement of operations.

Transaction Costs

The Foundation recognizes its transaction costs for financial instruments at fair value in the statement of operations in the period incurred. Financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

2. Investments

	2025		2024	
	Fair Value	**Cost**	Fair Value	Cost
Pooled funds	**$ 153,120,272**	**$ 144,034,052**	$ 140,400,829	$ 135,317,906

3. Artwork

	2025	2024
Opening balance	**$ 1,203,981**	$1,026,157
Additions	**472,910**	177,824
Disposals	**-**	-
Closing balance	**$ 1,676,891**	$1,203,981

4. Land and Building and Related Mortgage

On July 31, 2006, the Foundation purchased the building located at 5100 de Maisonneuve Boulevard West, Montréal, Québec for an amount of $41,000,000. The Foundation has a mortgage in the same amount with Desjardins Financial Security Life Assurance Company ("Desjardins") which is secured by a $49,200,000 debenture and by the land and building with a net book value of $8,260,371 and $18,459,217 respectively (2024 - $8,260,371 and $20,087,707, respectively).

The mortgage interest is based on the government of Canada bond yield plus 1.25%, resulting in a mortgage interest of 5.66% per annum. Monthly payments for the first seven years were $191,142 and $264,375 thereafter until August 5, 2036. Based on the terms of the mortgage, payments consisted entirely of interest until September 5, 2013.

The MUHC has leased the property from the Foundation for consideration (equivalent to rental income) equal to the amount required to repay the $41,000,000 (capital and interest) and has agreed to indemnify the Foundation for any losses, damages or any potential liabilities arising from the use of property. The MUHC remits monthly payments directly to Desjardins representing interest and capital payments on the mortgage.

4. Land and Building and Related Mortgage (Continued)

The Foundation does not amortize the building. Following the commencement of capital repayments on the debt related to the acquisition of the building, the Foundation reduces the mortgage and cost of the land and building by the amount of the capital repayments made during the year, which amounted to $1,628,490 (2024 - $1,536,020). These transactions do not impact the statements of operations and changes in fund balances and are considered non-cash activities for the purpose of the statement of cash flows.

The rental income equivalent to the interest and capital repayments, as well as the interest and amortization expenses, have not been included in the statements of operations and changes in fund balances. This treatment does not align with Canadian accounting standards for not-for-profit organizations. If amortization had been recorded, and interest expense and rental income recognized according to these standards, the statement of operations would have reflected an increase in revenue of $3,172,498 (2024 - $3,172,498), and charges for amortization and interest expenses of $818,491 (2024 - $818,491) and $1,544,008 (2024 - $1,636,478), respectively. As a result, the net impact on the excess of revenue over expenditures for the year would be a decrease of $809,999 (2024 - $717,529) and the cumulative effect on net assets would have been a reduction of $861,672 (2024 - $1,671,671).

Capital repayments over the next five years and thereafter are as follows:

2026	$ 1,721,901
2027	1,820,670
2028	1,921,823
2029	2,035,342
2030	2,152,089
Thereafter	17,067,763
	$ 26,719,588

As of March 31, 2025, the Foundation was engaged in discussions with the MUHC and Santé Québec regarding the potential sale of the land and building owned by the Foundation. These discussions were ongoing at the reporting date, and no binding agreement had been finalized as of that time.

5. Due to/from Other Funds

Interfund balances are non-interest bearing, have no specific terms of repayment and are due on demand.

6. Interfund Transfers

The endowment fund is comprised of endowment assets which have restrictions that are permanent or perpetual in nature, and the income generated from these assets which is used to fund ongoing charitable projects or other specified projects as instructed by the donors.

The investment income is allocated to the General Fund and the Trust, Special and Capital Campaign Funds on an annual basis in accordance with the Foundation's Spending and Endowment Policy and the donors' specifications. The allocation for 2025 was $1,832,255 (2024 - $6,841,735).

The following schedule illustrates the endowment assets that will be maintained permanently, and the income generated by these assets available to fund ongoing charitable projects or other specified projects as instructed by the donors.

	2025	2024
Endowment	**$ 67,629,978**	$ 65,355,001
Investment income available to allocate in the future	**11,513,729**	9,947,565
Unrealized gain on investment	**6,587,144**	4,164,969
	$ 85,730,851	$ 79,467,535

				2025	2024
	General Fund	**Trust, Special and Capital Campaign Funds**	**Endowment Fund**	**Total**	Total
Transfer to (from) other funds	**$ 1,177,372**	**$ (712,052)**	**$ (465,320)**	**$ -**	$ -
Allocation of investment income	**152,925**	**1,679,330**	**(1,832,255)**	**-**	-
	$ 1,330,297	**$ 967,278**	**$ (2,297,575)**	**$ -**	$ -

7. Commitments

As of year-end, the Foundation has commitments of $41,172,331 (2024 - $28,106,362) related to various board-approved projects to benefit the MUHC.

8. Pension Plan

The Foundation sponsors a defined contribution plan, the McGill University Health Centre Foundation Group Savings Plan (the "Plan"), whereby it matches qualified employees' contributions into the Plan to a maximum of 5% of the employees' salary. The pension plan expense for the year ended March 31, 2025 is $136,278 (2024 - $118,289).

9. Financial Instruments

The Foundation is exposed to various risks by virtue of holding financial instruments. There have been no changes to the Foundation's exposure to those risks nor in how those risks are managed since the previous year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk in relation to cash, other receivables and fixed-term securities held through its investment in pooled funds. The Foundation mitigates the risk by dealing with creditworthy financial institutions and counterparties.

Credit risk in respect of the fixed-income securities held within the investment pooled funds may be affected should creditors default on their obligations in respect of those positions.

There have been no changes in this risk from prior year.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity arises from accounts payable, payable to the MUHC and mortgage on land and building.

There have been no changes in this risk from prior year.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's market risk is comprised of interest rate risk, other price risk and currency risk. Each of these risks is discussed hereafter.

9. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk arises from changes in market interest rates. The Foundation invests in funds which hold interest-bearing instruments and is exposed to the risk that the fair value or future cash flows of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

There have been no changes in this risk from prior year.

Other Price Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate 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's exposure to price risk relates to changes in market prices in its investment portfolio. The Foundation moderates this risk through the selection and diversification of securities within its portfolio. The Foundation's investment guidelines allow for investments in certain "permitted investments". The target allocation is currently set at 25% fixed income, 50% equities and 25% alternative investments.

There have been no changes in this risk from prior year.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The pooled funds owned by the Foundation hold positions denominated in various foreign currencies traded on foreign stock exchanges. The market value of securities in foreign currencies within the pooled funds as of March 31, 2025 was $9,923,899 (2024 - $7,475,938).

10. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year’s presentation. These reclassifications have been made for comparative purposes only and do not affect prior year results.