



MOUNT SINAI HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Directors of
Mount Sinai Hospital Foundation

We have audited the accompanying financial statements of **Mount Sinai Hospital Foundation**, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Mount Sinai Hospital Foundation derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of the entity. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, revenue over expenditures and cash flows from operations for the years ended December 31, 2015 and 2014, assets and fund balances as at December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.



INDEPENDENT AUDITORS' REPORT

(continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of **Mount Sinai Hospital Foundation** as at December 31, 2015, 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.

Partnership of Chartered Professional Accountants

Montreal, June 16, 2016

MOUNT SINAI HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	General Fund	Restricted Fund	Endowment Fund	Total 2015	Total 2014
	\$	\$	\$	\$	\$
Assets					
Current					
Cash	242,855	-	11,914	254,769	364,805
Marketable securities (note 3)	1,900,911	-	-	1,900,911	1,428,122
Contributions receivable	4,036	20,000	17,000	41,036	25,705
Interest receivable	18,953	-	-	18,953	12,789
Sales taxes recoverable	20,993	-	-	20,993	28,795
	2,187,748	20,000	28,914	2,236,662	1,860,216
Marketable securities (note 3)	-	-	1,586,906	1,586,906	1,335,808
Works of art (note 4)	-	-	21,650	21,650	-
Receivable from General Fund	-	414,602 *	28,259 *	-	-
	2,187,748	434,602	1,665,729	3,845,218	3,196,024
Liabilities					
Current					
Accounts payable and accrued liabilities (note 5)	66,622	-	-	66,622	70,013
Due to Restricted Fund	414,602 *	-	-	-	-
Due to Endowment Fund	28,259 *	-	-	-	-
	509,483	-	-	66,622	70,013
Fund Balances	1,678,265	434,602	1,665,729	3,778,596	3,126,011
	2,187,748	434,602	1,665,729	3,845,218	3,196,024

*These amounts do not appear in the total column given the fact they get eliminated.

On behalf of the board

..... Director

..... Director

See notes to financial statements

MOUNT SINAI HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Restricted Fund	Endowment Fund	Total 2015	Total 2014
	\$	\$	\$	\$	\$
Revenue					
Investment income (note 6)	97,869	14,913	-	112,782	114,440
Change in fair value of marketable securities (note 6)	11,600	(9,659)	-	1,941	59,965
Contributions (note 7)	1,036,660	168,180	148,041	1,352,881	687,924
Car Rally	-	297,348	-	297,348	406,345
Six and the City	-	-	-	-	45,068
	1,146,129	470,782	148,041	1,764,952	1,313,742
Expenditures					
Administrative	350,292	165,873	-	516,165	529,999
Car Rally	-	132,548	-	132,548	198,009
Six and the City	-	-	-	-	35,741
	350,292	298,421	-	648,713	763,749
Revenue over expenditures before contributions	795,837	172,361	148,041	1,116,239	550,263
Contributions to Mount Sinai Hospital Centre Montreal	459,654	4,000	-	463,654	660,656
Revenue over expenditures and contributions (Expenditures and contributions over revenue)	336,183	168,361	148,041	652,585	(110,393)

See notes to financial statements

MOUNT SINAI HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Restricted Fund	Endowment Fund	Total 2015	Total 2014
	\$	\$	\$	\$	\$
Fund Balances, beginning of year	1,342,082	266,241	1,517,688	3,126,011	3,236,404
Revenue over expenditures and contributions (Expenditures and contributions over revenue)	336,183	168,361	148,041	652,585	(110,393)
Fund Balances, end of year	1,678,265	434,602	1,665,729	3,778,596	3,126,011

See notes to financial statements

MOUNT SINAI HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
Operating activities		
Revenue over expenditures and contributions (Expenditures and contributions over revenue)	652,585	(110,393)
Items not affecting cash:		
Amortization of capital assets	-	1,556
Contributions of gifts in kind	(810,594)	(45,007)
Realized gains on marketable securities sold during the year	(11,921)	(19,643)
Change in fair value of marketable securities	(1,941)	(59,965)
	(171,870)	(233,452)
Changes in non-cash working capital components relating to operations	(17,084)	(24,253)
	(188,954)	(257,705)
Investing activities (note 7)		
Acquisition of marketable securities	(1,760,623)	(1,316,846)
Disposition of marketable securities	1,839,542	1,461,124
	78,919	144,278
Decrease in cash	(110,036)	(113,427)
Cash, beginning of year	364,805	478,232
Cash, end of year	254,769	364,805

See notes to financial statements

MOUNT SINAI HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. PURPOSE OF THE ORGANIZATION

Mount Sinai Hospital Foundation (“the Foundation”) is an organization which provides funds for medical, charitable and educational purposes by making gifts, grants and contributions to or for the benefit of the Mount Sinai Hospital Centre Montreal. The Foundation is incorporated under the Quebec Companies Act as a not-for-profit organization and is a registered charity for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Fund accounting

General Fund

The General Fund accounts for the Foundation’s administrative activities and unrestricted resources.

Restricted Fund

The Restricted Fund reports externally restricted resources, including those to be used for the Mount Sinai Hospital Centre Montreal building expansion.

Endowment Fund

The Endowment Fund reports resources contributed for endowment.

Financial instruments

Measurement

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm’s length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and those for which an irrevocable election has been made, which are all measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, contributions receivable and interest receivable.

The Foundation has irrevocably elected to measure its investments in money market funds, fixed-income securities and mutual fund units at fair value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

MOUNT SINAI HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Foundation follows the restricted fund method of accounting.

Contributions and special events revenue are recognized in each appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund.

Unrestricted contributions are recognized as revenue of the General Fund.

Contributions for endowments are recognized as revenue of the Endowment Fund.

Investment income earned on funds endowed that must be spent on specific activities is recognized as revenue of the Restricted Fund. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is also recognized as revenue of the General Fund.

Works of art

Contributed works of art are recognized in the statement of financial position in the Endowment Fund at fair value as determined by an appraiser.

Contributed services

The Foundation benefits from services from volunteers as well as services and materials provided without monetary compensation. Given that the Foundation does not pay for these services or materials and that it may be impractical to estimate their fair value, they are recognized in the financial statements only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Foreign currency translation

Transactions in foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary assets denominated in foreign currencies are translated at the rates prevailing at the end of the year. Exchange differences on monetary assets are recognized in the statement of operations in the period in which they arise.

MOUNT SINAI HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. The fair value of the marketable securities and contributions of gifts in kind as well as the allocation of the administrative expenses between the General Fund and the Restricted Fund are the most significant items that involve the use of estimates.

3. MARKETABLE SECURITIES

	2015	2014
	\$	\$
Money market funds	508,610	382,331
Fixed-income securities	1,524,700	1,284,481
Equity securities	910,930	626,794
Mutual fund units	543,577	470,324
	3,487,817	2,763,930

4. WORKS OF ART

During the year, works of art totaling \$21,650 were contributed to the Foundation as an endowment. The works of art comprise 18 prints which are on display at the Mount Sinai Hospital Centre Montreal.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31, 2015, the accounts payable and accrued liabilities include an amount of approximately \$13,000 (2014: \$14,000) payable to the Mount Sinai Hospital Centre Montreal.

MOUNT SINAI HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. INVESTMENT INCOME

	2015	2014
	\$	\$
Interest income	48,495	49,419
Dividend income	52,366	45,378
Realized gains on marketable securities sold during the year	11,921	19,643
	112,782	114,440

During the year, marketable securities held for endowment generated approximately \$58,000 (2014: \$53,000) of investment income and had a change in fair value of \$17,000 (2014: \$45,000). A portion of these amounts is restricted and recognized in the Restricted Fund with the difference being recognized in the General Fund.

7. CONTRIBUTIONS

Included in contributions are gifts in kind totaling approximately \$879,000 (2014: \$179,000). Gifts in kind comprise approximately \$789,000 (2014: \$45,000) of marketable securities contributed to the Foundation for the General Fund, \$68,000 (2014: \$134,000) of raffle prizes and services contributed for specific activities and \$22,000 (2014: \$nil) of works of art contributed as an endowment.

8. ALLOCATION OF EXPENSES

For the year ended December 31, 2015, the Foundation allocated approximately \$164,000 (2014: \$144,000) of administrative expenses from the General Fund to the Restricted Fund. This allocation was based on management's estimate of the proportion of time spent by personnel on the various activities of the Foundation.

9. RELATED PARTY TRANSACTIONS

During the year, contributions were made by the Foundation to the Mount Sinai Hospital Centre Montreal in the amount of \$463,654 (2014: \$660,656). These transactions were conducted in the normal course of operations and measured at the exchange amount.

MOUNT SINAI HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

10. COMMITMENT

On June 17, 2015, the Board of Directors approved a request to contribute \$613,307 in 2015 to different programs of the Mount Sinai Hospital Centre Montreal. In 2015, contributions of \$463,654 were made and the balance will be disbursed in 2016.

In addition, on April 26, 2016, the Board of Directors approved a request to contribute \$403,000 from January 2016 to March 2017 to different programs of the Mount Sinai Hospital Centre Montreal.

11. FINANCIAL INSTRUMENTS

Credit risk

The Foundation's primary exposure to credit risk relates to the marketable securities it owns directly and indirectly through mutual fund units. The maximum exposure to credit risk is the fair value of these financial instruments.

The Foundation mitigates its exposure to loss by investing in a diversified portfolio that is composed principally of money market funds, fixed-income securities, equity securities and mutual fund units. Investments in bonds are comprised of those with credit ratings of B3 and higher and commercial papers with a credit rating of R1 or higher. Management adheres to and regularly reviews the Foundation's investment policy.

Liquidity risk

The Foundation's purpose is to support the Mount Sinai Hospital Centre Montreal's programs by providing contributions annually based on its available resources.

Market risk

The Foundation is exposed to currency risk, interest rate risk, and price risk.

Currency risk

The Foundation holds directly and indirectly through mutual fund units marketable securities in US dollars. Consequently, some assets are exposed to foreign exchange fluctuations. As at December 31, 2015, marketable securities of approximately 10% (2014: 10%) of the total investment portfolio are denominated in US dollars.

Interest rate risk

The Foundation is exposed to interest rate risk on its investments in fixed-income securities it owns directly and indirectly through mutual fund units which represent 57% (2014: 58%) of the total investment portfolio.

Price risk

The Foundation is exposed to price risk on its investments in fixed-income securities, equity securities, and mutual fund units which represent 85% (2014: 86%) of the total investment portfolio.

MOUNT SINAI HOSPITAL FOUNDATION
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12. COMPARATIVE FIGURES

Certain figures for 2014 have been reclassified to make their presentation identical to that adopted in 2015.

MOUNT SINAI HOSPITAL FOUNDATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)

	2015	2014
	\$	\$
Administrative		
Salaries and benefits	239,249	221,264
Fundraising costs	86,453	78,516
Professional and consulting fees	116,955	120,942
Office, technology and bank fees	49,614	41,177
Web development	-	45,061
Investment management fees	23,894	21,483
Amortization of capital assets	-	1,556
	516,165	529,999