

Sunnybrook Health Sciences Centre Foundation

Financial Statements

March 31, 2023

(in thousands of Canadian dollars)



Independent auditor's report

To the Board of Directors of Sunnybrook Health Sciences Centre Foundation

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sunnybrook Health Sciences Centre Foundation (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 financial statements comprise:

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

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 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 financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 27, 2023

Sunnybrook Health Sciences Centre Foundation

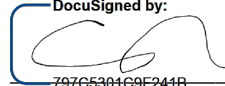
Statement of Financial Position

As at March 31, 2023

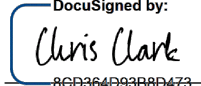
(in thousands of Canadian dollars)

	2023 \$	2022 \$
Assets		
Current assets		
Cash and cash equivalents	35,794	24,319
Amounts receivable	92	110
Prepaid expenses and other assets	612	441
	<u>36,498</u>	<u>24,870</u>
Investments (note 3)	317,847	311,553
Property and equipment (note 4)	<u>1,907</u>	<u>2,118</u>
	<u>356,252</u>	<u>338,541</u>
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities (notes 11 and 12)	1,392	1,833
Deferred revenue	688	307
Due to Sunnybrook Health Sciences Centre (note 7)	3,450	653
	<u>5,530</u>	<u>2,793</u>
Fund balances		
Unrestricted	11,717	10,577
Restricted (note 5)	221,049	205,828
Endowed	<u>117,956</u>	<u>119,343</u>
	<u>350,722</u>	<u>335,748</u>
	<u>356,252</u>	<u>338,541</u>

Approved by the Board of Directors

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Director

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Director

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

Sunnybrook Health Sciences Centre Foundation

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2023

(in thousands of Canadian dollars)

				2023	2022
	Unrestricted fund	Restricted fund	Endowed fund	Total	Total
	\$	\$	\$	\$	\$
Revenue					
Donations	10,283	46,262	2,075	58,620	68,696
Bequests	4,973	3,298	-	8,271	5,437
Investment income (loss) (note 8)	3,579	(29)	349	3,899	6,331
	18,835	49,531	2,424	70,790	80,464
Expenditures (note 9)					
Fundraising	12,712	1,543	-	14,255	12,291
Administrative	4,688	-	-	4,688	4,164
	17,400	1,543	-	18,943	16,455
Parking operations (note 10)					
Revenue	16,332	-	-	16,332	13,344
Expenditures	(15,693)	-	-	(15,693)	(12,764)
	639	-	-	639	580
Surplus of revenue over expenses before grants	2,074	47,988	2,424	52,486	64,589
Grants	(426)	(37,086)	-	(37,512)	(55,703)
Surplus for the year	1,648	10,902	2,424	14,974	8,886
Fund balances – Beginning of year	10,577	205,828	119,343	335,748	326,862
Interfund transfers (note 6)	(508)	4,319	(3,811)	-	-
Fund balances – End of year	11,717	221,049	117,956	350,722	335,748

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

Sunnybrook Health Sciences Centre Foundation

Statement of Cash Flows

For the year ended March 31, 2023

(in thousands of Canadian dollars)

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
Surplus for the year	14,974	8,886
Items not affecting cash		
Amortization of property and equipment	550	643
Change in fair value of investments (note 8)	3,467	2,164
Reinvested investment income (note 8)	(6,450)	(8,140)
Change in non-cash working capital items		
Amounts receivable	18	(70)
Prepaid expenses and other assets	(171)	(30)
Amounts payable and accrued liabilities	(441)	30
Deferred revenue	381	(252)
Due to Sunnybrook Health Sciences Centre	2,797	(769)
	<hr/> 15,125	<hr/> 2,462
Investing activities		
Purchase of investments	(39,628)	(79,977)
Proceeds from sale of investments	36,317	57,084
Purchase of property and equipment	(339)	(240)
	<hr/> (3,650)	<hr/> (23,133)
Change in cash and cash equivalents during the year	11,475	(20,671)
Cash and cash equivalents – Beginning of year	<hr/> 24,319	<hr/> 44,990
Cash and cash equivalents – End of year	<hr/> <hr/> 35,794	<hr/> <hr/> 24,319

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

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2023

(in thousands of Canadian dollars)

1 Nature of operations

Sunnybrook Health Sciences Centre Foundation (the Foundation) is a corporation without share capital and is incorporated under the laws of the Province of Ontario. The Foundation is a registered charity under the Income Tax Act (Canada) and is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The Foundation was established to solicit, receive, manage and grant funds in respect of the advancement of health science research and education and the improvement of patient care in support of legislated and strategic priorities of Sunnybrook Health Sciences Centre (SHSC or the Hospital).

The Hospital has an economic interest in the Foundation, since the Foundation, in carrying out its mission, solicits, receives, manages and grants funds and other property for the benefit and use of the Hospital and other organizations in the community with objectives similar to those of the Hospital.

2 Summary of significant accounting policies

Basis of presentation

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- The unrestricted fund reflects the general fundraising, investing, granting and administrative activities and represents unrestricted resources available for immediate use. The unrestricted fund also includes 1) a self-funding transfer from the endowment fund; 2) the results of parking operations, for which the Foundation entered into a ten-year sublease with the Hospital on May 1, 2010 (that was extended on December 2, 2019 until September 30, 2029); and 3) a transfer from the restricted fund of a requirement for cost against restricted purpose gifts made on or after April 1, 2005, until September 30, 2022 in accordance with the prescribed rates of the Foundation's Board of Directors' policy. The allocation is based on lifetime giving from April 1, 2005 until September 30, 2022, and ranges from 12.5% for the first \$1 million to nil% once lifetime giving exceeds \$10 million. On October 1, 2022, a new contribution to the unrestricted fund policy was implemented and has been applied to gifts received on or after October 1, 2022 in accordance with the prescribed rates of the Foundation's Board of Directors' policy. A contribution of 10% of the total of all gifts for restricted purposes will be allocated to the unrestricted fund to a maximum of \$250 thousand per gift or pledge.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

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- The requirements for cost and contributions to the unrestricted fund were put in place to ensure donors of both unrestricted and restricted funds contributed to the operations of the Foundation. The unrestricted fund is used to support the Foundation's operations and make grants to the Hospital for the highest priority needs of the Hospital.
- The restricted fund reflects those resources arising from fundraising, investing, granting and administrative activities, the purpose of which has been internally or externally restricted. The restricted fund has two primary components. Restricted funds are externally restricted resources and include the ungranted balance of the expendable portion of endowment fund balances. The Board of Directors may also internally restrict funds, a restriction that may be reversed by the Board of Directors.
- The endowment fund reflects internally and externally restricted resources that may include an internal or external requirement that the principal be maintained. Endowment donations are recognized in the endowment fund. Once determined, the expendable portion of the endowment fund is transferred to the restricted fund, calculated as 4% of the endowment fund balance, where it remains until an actual grant is made, and the self-funding portion, calculated as 1% of the endowment fund balance, is transferred to the unrestricted fund.

Revenue and expenditures

Donations and bequests are recognized as revenue when received. All other revenue and expenditures are recorded on an accrual basis. Amounts received relating to fundraising events to be held after the fiscal year-end are deferred and recognized on completion of the specific fundraising event.

Community programs where the Foundation does not act as a principal in the transaction are recorded in the statement of operations and changes in fund balances on a revenue net of expenditures basis.

Parking revenue is recorded as the service is rendered.

Investment income (loss) consists of income from pooled funds and fair value changes in investments. Investment income earned on the endowed fund or restricted fund resources that must be spent on donor restricted 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 endowed fund. All other investment income is recognized as revenue in the unrestricted fund. Investment losses are allocated in a manner consistent with investment income.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments that are readily convertible into known amounts of cash. Interest in respect of the cash equivalents is accrued as earned.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2023

(in thousands of Canadian dollars)

Prepaid expenses and other assets

Costs directly related to future fundraising events are presented as prepaid expenses and other assets when the Foundation can reliably demonstrate the event meets the criteria for recognition as an intangible asset. The related costs are expensed once the event has been held. Such costs are expensed immediately when there is insufficient evidence the event meets the criteria for recognition as an intangible asset.

Investments

Investments are recorded at quoted fair values. The fair values of the units in pooled funds are based on the quoted fair values of the securities held by the pooled funds and are provided by the administrators of the pooled funds.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Computer hardware, intranet and software	3 years
Leasehold improvements, Digital Donor Wall and signage	10 years
Furniture and equipment	5 years

The Foundation reviews the carrying amount of property and equipment for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When an item of property and equipment no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the property and equipment is less than its net carrying amount, the net carrying amount of the property and equipment shall be written down to its fair value or replacement value.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and subsequently accounted for based on their classification as outlined below.

Cash and cash equivalents are recorded at amortized cost.

The investment portfolio of the Foundation is recorded at fair value. Changes in the value of investments are reflected in the statement of operations and changes in fund balances. Transaction costs related to investments are expensed as incurred.

Amounts receivable, amounts payable and accrued liabilities and due to Sunnybrook Health Sciences Centre are measured at amortized cost, which approximates fair value due to the short-term maturity of the financial instruments.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2023

(in thousands of Canadian dollars)

Contributed services

Volunteers make a substantial contribution of time each year to assist the Foundation in carrying out its fundraising activities. Due to the difficulty in determining the fair value of such contributed services, they are not recognized in these financial statements.

Pledges

Pledges of future donations are recorded as revenue when payment is received.

Employee future benefits

Defined contribution plan accounting is applied to the multi-employer defined benefit contributory pension plan in which the Foundation's employees participate, as the Foundation has insufficient information to apply defined benefit plan accounting.

The Foundation accrues its obligation under other 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.

Allocation of expenses

The Foundation engages in fundraising initiatives to support capital expenditures, education and research and other special projects for the Hospital. The cost of each fundraising initiative includes the cost of personnel, services and other expenses that are directly related to undertaking the fundraising initiative. The Foundation also incurs a number of personnel related costs common to the administration of each of its ongoing fundraising initiatives. The Foundation allocates these personnel costs based on the function carried out by each staff member. The allocation is reviewed by management and is applied consistently on an annual basis.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management estimates and assumptions that affect revenue and expenditures during the reporting period, in addition to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements. Actual results could differ from those estimates.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2023

(in thousands of Canadian dollars)

3 Investments

The Foundation's investments are held in pooled funds and comprise the following:

	2023 \$	2022 \$
Canadian equities	41,285	40,482
Foreign equities	99,705	98,324
Fixed income	169,897	167,771
Real estate	6,960	4,976
	<hr/>	<hr/>
Aggregate fair value	317,847	311,553

The real estate pooled fund is a privately held investment that invests directly and indirectly in real estate property. The underlying real estate assets within this fund are recorded at fair value determined by third party accredited appraisers.

4 Property and equipment

	2023		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and equipment	52	19	33
Leasehold improvements and Digital Donor Wall	4,417	3,027	1,390
Computer hardware, intranet and software	1,532	1,048	484
	<hr/>	<hr/>	<hr/>
	6,001	4,094	1,907
	<hr/>		
	2022		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and equipment	41	9	32
Leasehold improvements and Digital Donor Wall	4,417	2,585	1,832
Computer hardware and intranet	1,204	950	254
	<hr/>	<hr/>	<hr/>
	5,662	3,544	2,118

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2023

(in thousands of Canadian dollars)

5 Restricted fund

The major categories of the restricted fund balance, identifying the purpose for which they will be used, are as follows:

	2023 \$	2022 \$
Externally restricted		
Operational	145,394	144,421
Capital	54,255	44,407
	<hr/>	<hr/>
Internally restricted	199,649	188,828
	21,400	17,000
	<hr/>	<hr/>
Total restricted fund	221,049	205,828
	<hr/>	<hr/>

The internally restricted balance represents amounts set aside by the Board of Directors in a strategic reserve available for operational and strategic priorities.

6 Interfund transfers

Transfers between funds consist of the following:

	<u>Unrestricted fund</u>		<u>Restricted fund</u>		<u>Endowed fund</u>	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Board of Directors and donor approved refund restrictions	(4,755)	(105)	4,258	799	497	(694)
Reinvestment in Foundation support in accordance with Board of Directors policy (note 2)	3,393	4,071	(3,356)	(4,031)	(37)	(40)
Allocation of investment income in accordance with Board of Directors policy	854	852	3,417	3,408	(4,271)	(4,260)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(508)	4,818	4,319	176	(3,811)	(4,994)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

7 Related party transactions and balances

The Hospital pays the salary costs of the Foundation and is subsequently reimbursed by the Foundation on a monthly basis. The amount of salary costs reimbursed in the year was \$9,585 (2022 – \$9,243). Advances from the Hospital are non-interest bearing, unsecured and due on demand. All expenditures for parking operations are paid to the Hospital, as well as a service fee that is a percentage of the parking revenue earned by the Foundation. The total service expense paid to the Hospital for parking operations was \$3,751 (2022 – \$3,779).

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2023

(in thousands of Canadian dollars)

During the year, the Foundation granted \$12,335 (2022 – \$32,092) to the Hospital and \$24,728 (2022 – \$23,242) to Sunnybrook Research Institute (SRI), an entity controlled by the Hospital. The Hospital is the sole voting member of SRI. As at March 31, 2023, the Foundation owed \$3,450 (2022 – \$653) to the Hospital.

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended March 31, 2023, SRI approved a transfer of \$1,058 (2022 – \$1,438) of commercialization and other revenue to the Foundation, which is recorded as revenue in the restricted fund.

8 Investment income

	2023 \$	2022 \$
Interest	853	189
Foreign exchange loss	115	(134)
Dividends and realized gains	6,398	8,440
Change in fair value of long-term investments	(3,467)	(2,164)
	<hr/>	<hr/>
Net investment income	3,899	6,331

9 Expense allocation

Fundraising and administrative expenses include employee personnel costs. The personnel costs are categorized as either fundraising or administrative based on the duties of the Foundation personnel. As such, management has allocated personnel costs of \$9,752 (2022 – \$8,731) as follows: \$7,236 (2022 – \$6,523) to fundraising expenses; and \$2,516 (2022 – \$2,208) to administrative expenses.

10 Parking operations

On May 1, 2010, the Foundation entered into a ten-year sublease agreement for the Hospital's parking facilities. On December 2, 2019, the term of this agreement was extended until September 30, 2029. The monthly lease payments are based on the adjusted net revenue from parking operations for the month. For the term of the lease, the Foundation is responsible for the management and direction of the parking operations, which facilitates opportunities for the Foundation to further its charitable purpose. The Hospital and the Foundation have also entered into a service agreement for parking operations, whereby the Hospital is providing certain services as governed and directed by the Foundation. The fee for such services is an amount equivalent to the direct costs associated with parking operations plus a percentage of parking revenue.

11 Employee benefits

Employees of the Foundation participate in the Healthcare of Ontario Pension Plan (HOOPP), a multi-employer, defined benefit contributory pension plan (the Plan). Contributions to the Plan are expensed as incurred. For the year ended March 31, 2023, the Foundation contributed \$728 (2022 – \$632). 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.

Sunnybrook Health Sciences Centre Foundation

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March 31, 2023

(in thousands of Canadian dollars)

Employees of the Foundation are also entitled to certain medical and dental benefits on early retirement. These benefits are provided as part of a benefit plan offered by the Hospital, which has been extended to the employees of the Foundation. As at March 31, 2023, the Foundation's accrued benefit obligation with respect to these benefits is \$336 (2022 – \$399). The current year's cost recoveries of \$63 (2022 – \$9) have been recognized in the financial statements.

The following summarizes balances related to the accrued benefit obligation:

	2023	2022
	\$	\$
Accrual for services in the year	30	33
Interest on accrued benefits	17	13
Actuarial gain during the year	(92)	(42)
Actual benefit payments	(18)	(13)
	<hr/>	<hr/>
Total current year's gain	(63)	(9)
	<hr/>	<hr/>
Accrued benefit obligation – Beginning of year	399	407
(Income) expense for the year	(45)	4
Funding contributions	(18)	(12)
	<hr/>	<hr/>
Accrued benefit obligation – End of year	336	399

The total accrued benefit obligation as at March 31, 2023 is included in amounts payable and accrued liabilities. The actuarial valuation was completed as at March 31, 2023.

The significant actuarial assumptions adopted in estimating the Foundation's accrued benefit obligation are as follows:

	2023	2022
Discount rate for net benefit cost	4.10%	3.00%
Dental benefit escalation	5.00%	3.00%
Medical benefits cost escalation – extended health care	5.60%	5.37% from 2020 – 2024 decreasing per annum

12 Government remittances

Government remittances consist of amounts (such as sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, \$239 (2022 – \$253) is included in amounts payable and accrued liabilities.

Sunnybrook Health Sciences Centre Foundation

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March 31, 2023

(in thousands of Canadian dollars)

13 Lottery

During the year, the Foundation operated a 50/50 Payday Raffle lottery under the Alcohol and Gaming Commission of Ontario licence.

	2023 \$	2022 \$
Gross lottery revenue	1,372	1,373
Interest income	24	-
Less: Expenses (including prizes)	774	754
	<hr/>	<hr/>
Total net proceeds	622	619

During the year, the Foundation held two lottery licences that covered the period from July 2, 2021 to June 30, 2022 and then from July 1, 2022 to June 16, 2023.

Lottery funds raised are used to support patient care projects at SHSC. Gross lottery revenue is included in restricted donations, interest income is included in restricted investment income and expenses are included in restricted fundraising in the statement of operations and changes in fund balances.

14 Risk management

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

Market risk

Market risk arises as a result of trading in pooled fund investments. Fluctuations in the market expose the Foundation to a risk of loss. To manage this risk, the Foundation has an investment policy and invests in a diverse portfolio, including pooled funds representing a mix of securities.

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 and cash equivalents and pooled fund investment that holds fixed income securities 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. The Foundation places its cash and cash equivalents and investments with institutions of high creditworthiness.

Sunnybrook Health Sciences Centre Foundation

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March 31, 2023

(in thousands of Canadian dollars)

Interest rate risk

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