

**Fondation du Centre hospitalier
universitaire de Sherbrooke Inc.**

**Financial Statements
March 31, 2023**

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Independent Auditor's Report

Raymond Chabot
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To the Board of Directors of
Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

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Qualified opinion

We have audited the financial statements of Fondation du Centre hospitalier universitaire de Sherbrooke Inc. (hereafter "the Foundation"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedule.

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of 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.

Basis for qualified opinion

In common with many not-for-profit organizations, the Foundation derives revenue from contributions of donations, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations contributions, excess (deficiency) of revenues over expenses and cash flows from operating activities for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022 and fund balances as at April 1, 2022 and 2021 and March 31, 2023 and 2022. Our opinion on the financial statements for the year ended March 31, 2022 was qualified accordingly because of the possible effect of this limitation in scope.

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.

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.

*Raymond Chabot Grant Thornton LLP*¹

Sherbrooke
June 21, 2023

¹ CPA auditor, public accountancy permit no. A122686

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Operations

Year ended March 31, 2023

	Endowment Funds		Restricted Funds		General Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Contributions								
Donations (Note 4)	2,000,000		5,300,010	4,215,683	1,413,349	898,536	8,713,359	5,114,219
Donations related to fund-raising activities (Note 4)			787,947	402,188	77,122	195	865,069	402,383
Grants - Federal government					8,500	130,462	8,500	130,462
Fund-raising activities			3,714,373	1,661,782	387,742	738,412	4,102,115	2,400,194
Commercial activities					466,070	379,543	466,070	379,543
Net investment income (loss) (Note 5)	(42,120)	406,133	29,887	1,921,267	(405,919)	1,838,741	(418,152)	4,166,141
	1,957,880	406,133	9,832,217	8,200,920	1,946,864	3,985,889	13,736,961	12,592,942
Expenses								
Salaries and employee benefits			221,339	118,555	1,127,619	1,018,887	1,348,958	1,137,442
Compensation contract					1,524	55,555	1,524	55,555
Administrative expenses					221,841	211,266	221,841	211,266
Commercial rent and occupancy costs					285,220	215,949	285,220	215,949
Life insurance - Contributors					30,963		30,963	
Professional fees					58,351	87,014	58,351	87,014
Advertising and promotion					260,665	323,344	260,665	323,344
Financial expenses	12,980	15,979	24,516	4,461	131,492	149,296	168,988	169,736
Fund-raising activities (Note 4)			1,932,144	854,049	147,286	382,889	2,079,430	1,236,938
Commercial activities					245,544	175,913	245,544	175,913
Interest on long-term loan and on obligation under a capital lease					182,671	190,632	182,671	190,632
	12,980	15,979	2,177,999	977,065	2,693,176	2,810,745	4,884,155	3,803,789
Excess (deficiency) before the following items	1,944,900	390,154	7,654,218	7,223,855	(746,312)	1,175,144	8,852,806	8,789,153
Donations - CIUSSS de l'Estrie	100,000		6,849,920	2,568,852	1,418,737	1,094,283	8,368,657	3,663,135
Donations - Underprivileged families			44,185	15,637	23,998	30,933	68,183	46,570
Donations - Other			1,097,898	61,657	25,000	19,000	1,122,898	80,657
	100,000	-	7,992,003	2,646,146	1,467,735	1,144,216	9,559,738	3,790,362
Excess (deficiency) of revenues over expenses	1,844,900	390,154	(337,785)	4,577,709	(2,214,047)	30,928	(706,932)	4,998,791

The accompanying notes and the schedule are an integral part of the financial statements and Note 5 provides other information on operations.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc. Changes in Fund Balances

Year ended March 31, 2023

	Endowment Funds		Restricted Funds		General Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year								
Balance, as previously reported	3,937,892	3,679,343	42,800,487	38,091,173	9,028,742	8,997,814	55,767,121	50,768,330
Accounting change (Note 2)	5,000,000	5,000,000	(5,000,000)	(5,000,000)				
Balance, as restated	8,937,892	8,679,343	37,800,487	33,091,173	9,028,742	8,997,814	55,767,121	50,768,330
Excess (deficiency) of revenues over expenses	1,844,900	390,154	(337,785)	4,577,709	(2,214,047)	30,928	(706,932)	4,998,791
Internal transfer								
Interfund transfers (Note 6)	(45,302)	(131,605)	45,302	131,605				
Balance, end of year	10,737,490	8,937,892	37,508,004	37,800,487	6,814,695	9,028,742	55,060,189	55,767,121

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

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Cash Flows

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses of the Restricted Funds and the General Fund	(2,551,832)	4,608,638
Non-cash items		
Amortization of tangible capital assets	100,205	88,587
Net change in fair value of investments	1,421,199	(3,360,081)
Contributions received in the form of investments	<u>(876,272)</u>	<u>(117,780)</u>
	(1,906,700)	1,219,364
Net change in assets and liabilities items (Note 7)	<u>1,218,039</u>	<u>(1,485,115)</u>
Cash flows from operating activities(688,661)(265,751)
INVESTING ACTIVITIES		
Investments	(3,481,354)	(10,398,234)
Disposal of investments	2,828,106	16,406,326
Acquisition of tangible capital assets	<u>(21,471)</u>	<u>(67,381)</u>
Cash flows from investing activities(674,719)5,940,711
FINANCING ACTIVITIES		
Excess of revenues over expenses of the Endowment Funds	1,844,900	390,154
Long-term loans		10,000
Repayment of long-term loan	(41,079)	(38,102)
Repayment of obligation under a capital lease	<u>(58,111)</u>	<u>(53,127)</u>
Cash flows from financing activities	<u>1,745,710</u>	308,925
Net increase in cash	382,330	5,983,885
Cash, beginning of year	<u>13,675,630</u>	<u>7,691,745</u>
Cash, end of year	<u><u>14,057,960</u></u>	<u><u>13,675,630</u></u>

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

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Financial Position

March 31, 2023

				2023	2022
	Endowment Funds	Restricted Funds	General Fund	Total	Total
	\$	\$	\$	\$	\$
ASSETS					
Investments (Note 8)	8,837,490	33,168,733	738,773	42,744,996	42,636,675
Tangible capital assets (Note 9)			2,201,104	2,201,104	2,279,838
Cash	2,000,000	8,861,639	3,196,321	14,057,960	13,675,630
Trade and other receivables (Note 10)		86,369	299,263	385,632	285,346
Prepaid expenses			287,637	287,637	313,209
Interfund account, without interest			2,793,377		
	10,837,490	42,116,741	9,516,475	59,677,329	59,190,698
LIABILITIES					
Trade payables and other operating liabilities (Note 12)		10,831	460,418	471,249	238,356
Donations payable - CIUSSS de l'Estrie		1,173,287	221,395	1,394,682	485,051
Deferred revenues		731,242		731,242	581,013
Long-term loan (Note 13)			51,403	51,403	92,482
Obligation under a capital lease (Note 14)			1,968,564	1,968,564	2,026,675
Interfund account, without interest	100,000	2,693,377			
	100,000	4,608,737	2,701,780	4,617,140	3,423,577
FUND BALANCES					
Restricted					
Externally	5,737,490	34,572,081		40,309,571	38,696,804
Internally	5,000,000	2,935,923		7,935,923	8,041,575
Unrestricted			6,814,695	6,814,695	9,028,742
	10,737,490	37,508,004	6,814,695	55,060,189	55,767,121
	10,837,490	42,116,741	9,516,475	59,677,329	59,190,698

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

On behalf of the Board,

Director

Director

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE FOUNDATION

The Fondation du Centre hospitalier universitaire de Sherbrooke Inc. (hereafter the "Foundation") was incorporated under Part III of the Companies Act (Quebec) for the purpose of providing financial help to the Centre intégré universitaire de santé et de services sociaux de l'Estrie – Centre hospitalier universitaire de Sherbrooke (hereafter "CIUSSS de l'Estrie"), for the CHUS – Hôpital Fleurimont and CHUS – Hôtel-Dieu de Sherbrooke facilities in support of research and the acquisition of state-of-the-art medical equipment. Therefore, CIUSSS de l'Estrie has an economic interest in the Foundation. It is a registered charity under the Income Tax Act.

2 - ACCOUNTING CHANGE

During the year, the Foundation retroactively changed the accounting for the Raymond-Comtois Capital Fund to present it in the Endowment Funds as an internal endowment allocation. Previously, it was presented in the Restricted Funds whereas the allocation to a capital fund must be presented in the Endowment Funds. For the year ended March 31, 2022, this change led to a decrease in the fund balance at the beginning of the year of the allocated funds of \$5,000,000 and an increase in the fund balance at the beginning of the year of the Endowment Funds of the same amount.

3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Foundation's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and the schedule. These estimates are based on management's knowledge of current events and actions that the Foundation may undertake in the future. Actual results may differ from these estimates.

Fund accounting

Endowment Funds

The Endowment Funds present resources received as endowments.

– Sherbrooke Hospital Foundation Fund:

The Sherbrooke Hospital Foundation Fund was created to provide funds for special capital projects for the benefit of the Centre hospitalier universitaire de Sherbrooke. The capital must be kept permanently; 90% of revenues generated by the Fund (excluding changes in fair value of investments) are available to finance projects and 10% are to be added to the capital. If there are no special projects in the fiscal year, the entire revenue must be capitalized. No amount is to be spent on salaries and general administrative expenses.

– Silny Fund:

The Silny Fund was created to provide funds for the training of radiology technologists. The capital must be kept permanently, and only revenues generated by the Fund are available for training. The revenues not spent during a year must be capitalized.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

– Raymond-Comtois Capital Fund:

The Board of Directors agreed to create the Raymond-Comtois Capital Fund, a \$5,000,000 maximum capital fund. Only revenues generated by the investments in this Fund can be transferred to the CIUSSS de l'Estrie.

– Huguette and Paul Boire Fund:

The Huguette and Paul Boire Fund was created with the aim of establishing and ensuring the sustainability of the "High Precision Rheumatology Laboratory" integrating Biobank, Osteology, Immunology, Rheumatology and Genetics. A minimum amount of 5% of the capital of the Fund must be allocated to the achievement of the objectives of the Fund, unless this minimum allocation would require the Foundation to encroach on the capital of the Fund, in which case the minimum amount of the allocation must correspond to the minimum amount required to meet the quotas imposed under tax laws in order for the Foundation to maintain its status as a registered charity.

Restricted Funds

The Restricted Funds present resources with restrictions imposed.

– Committed Fund:

The Committed Fund reports the Foundation's activities pertaining to fund-raising on which the contributors impose restrictions.

General Fund

The General Fund reports assets, liabilities, revenues and expenses related to the fund-raising campaigns, legacies, investments management (excluding financial expenses related to the Sherbrooke Hospital Fund) and management of the Foundation.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Foundation's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at cost or amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Foundation's financial assets and liabilities from related party transactions are measured at cost.

Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets), except for quoted shares and mutual funds, which are measured at fair value, quoted bond investments which the Foundation has elected to measure at fair value by designating that fair value measurement shall apply and investments in shares of private companies which are investments in equity instruments measured at cost.

With respect to financial assets measured at cost, amortized cost or using the cost method, the Foundation assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Foundation determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at cost, amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Revenue recognition

Contributions

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

Operating contributions are recognized as revenue in the General Fund, using the deferral method, during the year in which the related expenses are incurred. All other restricted contributions are reported as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received as endowments are recognized as revenue in the Endowment Funds.

The Foundation recognizes contributed supplies and services when the fair value of these contributions can be reasonably estimated and if it would have had to otherwise acquire these supplies and services for its normal operations.

Revenues from fund-raising activities

Revenues from fund-raising activities are recognized when the activities occur and collection is reasonably assured. Deferred revenues represent revenues from fund-raising activities cashed for activities in future years.

Revenues from commercial activities

Revenues from commercial activities are recognized when the goods are received by clients or when the services have been rendered, the price to the buyer is fixed or determinable and collection is reasonably assured.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net investment income (loss)

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Net investment income (loss) includes interest and dividends income, income from the interest in net income of mutual funds and changes in fair value.

Interest income is recognized on a time apportionment basis, whereas dividends are recognized when they are earned by the Foundation. Income from the interest in net income of mutual funds is recognized upon distribution. Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Foundation has elected to exclude from changes in fair value interest income and dividends.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Foundation receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value of \$1 if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized over their estimated useful lives according to the following methods, annual rate and periods:

	<u>Methods</u>	<u>Rate and periods</u>
Furniture and fixtures	Diminishing balance	15%
Computer equipment	Straight-line	5 years
Commercial condo	Straight-line	40 years
Parking lot	Straight-line	15 years

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Foreign currency translation

The Foundation uses the temporal method to translate transactions denominated in a foreign currency. Under this method, monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at historical exchange rates, with the exception of those recognized at fair value, which are translated at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the average rate for the period. The related exchange gains and losses are accounted for in the statement of operations for the year. Exchange gains and losses on financial instruments subsequently measured at fair value are included in changes in fair value of investments under Net investment income (loss) in the statement of operations.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

4 - CONTRIBUTED SUPPLIES AND SERVICES

The Foundation received auction goods and gifts for participants. These transactions have been recognized at their fair value of \$405,010 (\$366,033 for the year ended March 31, 2022) as revenues from donations and fund-raising activities and expenses.

5 - INFORMATION INCLUDED IN OPERATIONS AND TRANSACTIONS WITH AN ORGANIZATION AND A COMPANY

	2023			2022
	Endowment Funds	Restricted Funds	General Fund	Total
	\$	\$	\$	\$
Net investment income (loss) on investments measured at fair value				
Interest and dividends	66,701	203,967	732,379	1,003,047
Changes in fair value of investments	(108,821)	(174,080)	(1,138,298)	(1,421,199)
	<u>(42,120)</u>	<u>29,887</u>	<u>(405,919)</u>	<u>4,166,141</u>
Amortization of tangible capital assets			100,205	100,205
Transactions concluded with the CIUSSS de l'Estrie (*)				
Compensation contract			867	867
Commercial activities				13,365
Rental expenses			4,256	4,256
Transactions concluded with a company subject to joint control by a director (*)				
Interest on long-term loan and on obligation under a capital lease			106,558	106,558
Administrative expenses			77,524	77,524
			190,632	190,632
			80,469	80,469

The CIUSSS de l'Estrie allows the Foundation free use of its premises and its financial data base.

(*) These transactions were measured at the exchange amount, excluding the resulting financial instruments.

6 - INTERFUND TRANSFERS

During the year, an amount of \$45,302 representing 90% of funds generated by the Sherbrooke Hospital Foundation Fund was transferred from the Endowment Funds to the Restricted Funds for the realization of projects at the CIUSSS de l'Estrie.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

7 - INFORMATION INCLUDED IN CASH FLOWS

During the year, the Foundation received contributions in the form of investments totalling \$876,272 (\$117,780 in 2022).

The net change in assets and liabilities items is detailed as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade and other receivables	(100,286)	342,078
Prepaid expenses	25,572	(241,232)
Trade payables and other operating liabilities	232,893	17,656
Donations payable - CIUSSS de l'Estrie	909,631	(1,665,100)
Deferred revenues	150,229	61,483
	<u>1,218,039</u>	<u>(1,485,115)</u>

8 - INVESTMENTS

	<u>2023</u>	<u>2022</u>
	\$	\$
Endowment Funds		
Quoted shares, bonds and mutual funds (*)		
Sherbrooke Hospital Foundation Fund	3,592,553	3,689,483
Silny Fund	244,937	248,409
Raymond-Comtois Capital Fund	5,000,000	5,000,000
	<u>8,837,490</u>	<u>8,937,892</u>
Restricted Funds		
Quoted shares, bonds and mutual funds (*)	<u>33,168,733</u>	<u>30,163,995</u>
General Fund		
Quoted shares, bonds and mutual funds (*)		2,790,288
Term deposit	590,000	590,000
Shares of private companies, at cost		
iNovia Capital Inc.	10,773	12,000
MSBI Valorisation Inc.	138,000	138,000
Land for resale, at cost		4,500
	<u>738,773</u>	<u>3,534,788</u>
	<u>42,744,996</u>	<u>42,636,675</u>

(*) Bonds total \$5,412,665 (\$5,371,732 as at March 31, 2022) for all the funds.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

9 - TANGIBLE CAPITAL ASSETS

			2023	2022
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
General Fund				
Furniture and fixtures	57,238	33,372	23,866	24,843
Computer equipment	79,754	31,880	47,874	42,096
Leased property				
Commercial condo	2,710,546	660,034	2,050,512	2,118,276
Parking lot	236,558	157,706	78,852	94,623
	3,084,096	882,992	2,201,104	2,279,838

10 - TRADE AND OTHER RECEIVABLES

				2023	2022
	Endowment Funds	Restricted Funds	General Fund	Total	Total
	\$	\$	\$	\$	\$
Trade accounts (*)		86,369	274,065	360,434	260,864
Indirect taxes receivable			25,198	25,198	24,482
	-	86,369	299,263	385,632	285,346

(*) As at March 31, 2023, amounts owing from one customer represent 32% of the total trade accounts receivable (36% as at March 31, 2022).

11 - CREDIT FACILITIES

As at March 31, 2023, letters of credit issued by financial institutions total \$330,000 and are renegotiable from December 2023 to January 2024.

12 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

				2023	2022
	Endowment Funds	Restricted Funds	General Fund	Total	Total
	\$	\$	\$	\$	\$
Other	-	10,831	460,418	471,249	238,356

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

13 - LONG-TERM LOAN

	<u>2023</u>	<u>2022</u>
	\$	\$
General Fund		
Loan from a company subject to joint control by a director, 7.75%, payable in monthly blended instalments of \$3,642, maturing in March 2024	11,403	52,482
Loan, secured by the Government of Canada, non-interest bearing until December 31, 2023 (*)	<u>40,000</u>	<u>40,000</u>
	<u>51,403</u>	<u>92,482</u>

(*) The Foundation received a \$60,000 loan under the Canada Emergency Business Account program. If the Foundation repays \$40,000 of the loan by December 31, 2023, no other amount will be payable. Otherwise, the loan balance will bear interest at 5% and will be repaid on maturity on December 31, 2025.

Since \$20,000 of the government assistance is forgivable if the Foundation repays \$40,000 by December 31, 2023, the amount was recognized in earnings at the time the government assistance was granted.

The estimated instalment on the long-term loan for the next year is \$51,403.

14 - OBLIGATION UNDER A CAPITAL LEASE

	<u>2023</u>	<u>2022</u>
	\$	\$
General Fund		
Obligation under a capital lease with a company subject to joint control by a director for a commercial condo and a parking lot, 9%, maturing in 2034	<u>1,968,564</u>	<u>2,026,675</u>

The minimum lease payments under the capital lease for the next years and the balance of the obligation are as follows:

	<u>\$</u>
Years ending March 31	
2024	287,769
2025	297,692
2026	297,692
2027	297,692
2028	297,692
2029 and subsequent years	<u>1,538,075</u>
Total minimum lease payments	3,016,612
Interest expense included in minimum lease payments	<u>1,048,048</u>
Balance of the obligation	<u>1,968,564</u>

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

15 - COMMITMENT

In accordance with the agreement with Opération Enfant Soleil Inc., the Foundation is committed to paying to the Centre Hospitalier Universitaire de Sherbrooke an amount of \$6,750,000 for the construction of the development of the pediatric sector of the Centre femme-jeunesse-famille.

16 - FINANCIAL RISKS

Credit risk

The Foundation is exposed to credit risk regarding the financial assets recognized in the statement of financial position, other than investments in quoted shares and mutual funds and shares of private companies. The Foundation has determined that the financial assets with more credit risk exposure are trade accounts receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Foundation.

Some investments in mutual funds indirectly expose the Foundation to credit risk.

Market risk

The Foundation's financial instruments expose it to market risk, in particular, currency risk, interest rate risk and other price risk, resulting from both its investing and financing activities.

Currency risk

The Foundation is exposed to foreign exchange risk due to investments denominated in U.S. dollars. As at March 31, 2023, investments denominated in U.S. dollars total \$11,337,387 (\$11,021,244 as at March 31, 2022).

Some investments in mutual funds also indirectly expose the Foundation to currency risk.

Interest rate risk

The Foundation is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed interest rates.

The term deposits, the investments in bonds and the long-term loan bear interest at a fixed rate and the Foundation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Investments in mutual funds also indirectly expose the Foundation to interest rate risk.

Other price risk

The Foundation is exposed to other price risk due to investments in quoted shares and mutual funds and shares of private companies since changes in market prices, other than those arising from currency risk or interest rate risk, could result in changes in the fair value of these instruments.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.

Notes to Financial Statements

March 31, 2023

16 - FINANCIAL RISKS (Continued)

Liquidity risk

The Foundation's liquidity risk represents the risk that the Foundation could encounter difficulty in meeting obligations associated with its financial liabilities. The Foundation is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

Fondation du Centre hospitalier universitaire de Sherbrooke Inc.
Schedule

Year ended March 31, 2023

					2023	2022
	Sherbrooke Hospital Foundation Fund	Silny Fund	Huguette and Paul Boire Fund	Raymond- Comtois Capital Fund	Total	Total
	\$	\$	\$	\$	\$	\$
OPERATIONS						
Endowment Funds						
Revenues						
Donations			2,000,000		2,000,000	
Net investment income (loss)						
Interest and dividends	62,498	4,203			66,701	89,821
Changes in fair value of investments	(101,964)	(6,857)			(108,821)	316,312
	(39,466)	(2,654)	2,000,000	-	1,957,880	406,133
Expenses						
Financial expenses	12,162	818			12,980	15,979
Excess (deficiency) before donations to CIUSSS	(51,628)	(3,472)	2,000,000	-	1,944,900	390,154
Donations to CIUSSS			100,000		100,000	
Excess (deficiency) of revenues over expenses	(51,628)	(3,472)	1,900,000	-	1,844,900	390,154
FINANCIAL POSITION						
Endowment Funds						
	\$	\$	\$	\$	\$	\$
ASSETS						
Cash			2,000,000		2,000,000	
Investments	3,592,553	244,937		5,000,000	8,837,490	8,937,892
	3,592,553	244,937	2,000,000	5,000,000	10,837,490	8,937,892
FUND BALANCES						
Externally restricted	3,592,553	244,937	2,000,000		5,837,490	3,937,892
Internally restricted				5,000,000	5,000,000	5,000,000
	3,592,553	244,937	2,000,000	5,000,000	10,837,490	8,937,892