

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2023

**SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
FINANCIAL STATEMENTS
MARCH 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Sir Mortimer B. Davis Jewish General Hospital Foundation

Opinion

We have audited the financial statements of Sir Mortimer B. Davis Jewish General Hospital Foundation (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 the financial statements, including a summary of significant accounting policies.

In our opinion, 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 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 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 opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements for the year ended March 31, 2022, excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed an unmodified opinion on those financial statements on September 20, 2022.

As part of our audit of the financial statements for the year ended March 31, 2023, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.



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.

BDO Canada s.r.l./S.E.N.C.R.L./LLP¹

Montreal, September 18, 2023

¹ By CPA auditor, public accountancy permit No. AI 18902

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	General Fund	Endowment Fund	Externally Restricted Fund	2023 Total	2022 Total (Restated)
	\$	\$	\$	\$	\$
ASSETS					
Cash and cash equivalents	63,942,525	-	-	63,942,525	64,693,505
Investments (Note 4)	236,857,209	-	-	236,857,209	228,382,462
Interest and sundry receivables	543,852	-	-	543,852	539,388
Interfund loans (Note 5)	(278,223,699)	168,013,122	110,210,577	-	-
Property and equipment (Note 6)	1,441,427	-	-	1,441,427	1,446,466
	24,561,314	168,013,122	110,210,577	302,785,013	295,061,821
LIABILITIES					
Accounts payable and accrued liabilities	419,404	-	-	419,404	617,365
Due to the Hospital (Note 8)	524,353	-	-	524,353	123,271
Promissory note to the Hospital (Note 9)	2,210,059	-	-	2,210,059	2,762,574
	3,153,816	-	-	3,153,816	3,503,210
FUND BALANCES					
Internally restricted (Note 10)	21,407,498	-	-	21,407,498	32,831,476
Endowment	-	168,013,122	-	168,013,122	158,614,799
Externally restricted	-	-	110,210,577	110,210,577	100,112,336
	21,407,498	168,013,122	110,210,577	299,631,197	291,558,611
	24,561,314	168,013,122	110,210,577	302,785,013	295,061,821
Commitments (Note 13)					
Guarantee (Note 14)					

Approved by,


 _____, Director


 _____, Director

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

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023

	General Fund	Endowment Fund	Externally Restricted Fund	2023 Total	2022 Total (Restated)
	\$	\$	\$	\$	\$
Revenues (Note 11)					
Annual campaign and other donations	2,815,105	5,320,365	24,727,521	32,862,991	33,444,983
Fundraising events	812,913	-	3,221,203	4,034,116	5,749,215
Funding enhancement initiative	4,078,383	-	-	4,078,383	4,715,148
	7,706,401	5,320,365	27,948,724	40,975,490	43,909,346
Administrative expenses					
Fundraising events	317,463	-	1,448,398	1,765,861	1,440,301
Campaign and sundry	2,659,802	-	14,518	2,674,320	2,560,524
Foundation administrative expenses	4,176,426	-	-	4,176,426	3,821,645
Amortization	96,863	-	-	96,863	96,863
	7,250,554	-	1,462,916	8,713,470	7,919,333
Excess of revenues over expenses before investment activity and allocations	455,847	5,320,365	26,485,808	32,262,020	35,990,013

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

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2023

	General Fund	Endowment Fund	Externally Restricted Fund	2023 Total	2022 Total (Restated)
	\$	\$	\$	\$	\$
Investment activity					
Dividend, interest and gains on sale of investments	1,712,940	220,200	163,650	2,096,790	9,757,698
Change in fair value of investments	2,822,060	3,686,248	2,739,577	9,247,885	1,661,361
Management fees	(138,642)	(429,556)	-	(568,198)	(560,374)
	4,396,358	3,476,892	2,903,227	10,776,477	10,858,685
Excess of revenues over expenses before allocations	4,852,205	8,797,257	29,389,035	43,038,497	46,848,698
Allocations to the Sir Mortimer B. Davis Jewish General Hospital					
Research and academic enhancement	2,549,408	-	-	2,549,408	2,547,485
Innovation funds	1,230,852	-	-	1,230,852	3,913,917
Digital Health Initiative	12,323,685	-	3,842,839	16,166,524	4,225,969
Capital projects and equipment	-	-	2,379,946	2,379,946	216,563
Designated for patient care and supplementary activities	166,514	-	11,378,722	11,545,236	14,971,337
Allocations to other establishments	-	-	1,093,945	1,093,945	601,873
	16,270,459	-	18,695,452	34,965,911	26,477,144
Excess (deficiency) of revenues over expenses	(11,418,254)	8,797,257	10,693,583	8,072,586	20,371,554

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

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2023

	General Fund	Endowment Fund	Externally Restricted Fund	2023 Total
	\$	\$	\$	\$
Balance, beginning of year	32,831,476	158,614,799	100,112,336	291,558,611
Excess (deficiency) of revenues over expenses	(11,418,254)	8,797,257	10,693,583	8,072,586
Interfund transfers	(5,724)	601,066	(595,342)	-
Balance, end of year	21,407,498	168,013,122	110,210,577	299,631,197

	General Fund	Endowment Fund	Externally Restricted Fund	2022 Total (Restated)
	\$	\$	\$	\$
As previously reported	47,606,968	139,625,617	70,706,670	257,939,255
Restatement (Note 2)	(19,276,751)	8,867,277	23,657,276	13,247,802
Balance, beginning of year	28,330,217	148,492,894	94,363,946	271,187,057
Excess of revenues over expenses	2,619,373	8,742,338	9,009,843	20,371,554
Interfund transfers	1,881,886	1,379,567	(3,261,453)	-
Balance, end of year	32,831,476	158,614,799	100,112,336	291,558,611

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

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	2023	2022
	\$	(Restated) \$
Operating activities		
Excess of revenues over expenses	8,072,586	20,371,554
Non-cash items:		
Amortization	96,863	96,863
Increase in fair value of investments	(9,247,885)	(1,661,361)
	(1,078,436)	18,807,056
Net change in non-cash items related to operating activities	198,657	410,217
	(879,779)	19,217,273
Investing activities		
Proceeds on disposition of investments	60,675,553	23,361,976
Acquisition of investments	(59,902,415)	(31,375,956)
Acquisition of property and equipment	(91,824)	-
	681,314	(8,013,980)
Financing activity		
Repayment of promissory note to Hospital	(552,515)	(552,515)
(Decrease) increase in cash and cash equivalents	(750,980)	10,650,778
Cash and cash equivalents, beginning of year	64,693,505	54,042,727
Cash and cash equivalents, end of year	63,942,525	64,693,505

Cash and cash equivalents consist of cash and term deposits.

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

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

I. Purpose of the Foundation

The Sir Mortimer B. Davis Jewish General Hospital Foundation (the "Foundation") is a federal not-for-profit organization whose mission is to raise funds for research in the field of medicine and for the development of related health care activities for the Sir Mortimer B. Davis Jewish General Hospital (the "Hospital"). The Foundation is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act and, as such, is exempt from income taxes.

2. Restatement

Management has decided to change its accounting policy related to pledges receivable. As a result, the Foundation has derecognized this asset which is now disclosed in Note 12. Management believes that this presentation will better reflect the Foundation's financial position and align with industry best practice. The accounting for deferred pledges and contributions has been restated in accordance with the restricted fund method. In addition, net fundraising revenues previously recorded as deferred revenues have been adjusted and resulted in an increase in revenues and total fund balances. Due to the Hospital has been reduced to amounts owing. Accordingly, the comparative figures presented in these financial statements have been restated as follows:

	As previously reported	Restatement	Restated
	\$	\$	\$
General fund			
Pledges receivable	6,853,145	(6,853,145)	-
Due to the Hospital	(6,717,855)	6,594,584	(123,271)
Deferred pledges and contributions	(24,598,727)	24,598,727	-
Opening fund balance	(47,606,968)	19,276,751	(28,330,217)
Total revenues from donations and fundraising	(15,414,465)	(2,191,945)	(17,606,410)
Allocations to the Sir Mortimer B. Davis Jewish General Hospital	9,368,858	1,094,931	10,463,789
Endowment Fund			
Opening fund balance	(139,625,617)	(8,867,277)	(148,492,894)
Externally restricted fund			
Pledges receivable	69,084,295	(69,084,295)	-
Deferred pledges and contributions	(58,289,729)	58,289,729	-
Opening fund balance	(70,706,670)	(23,657,276)	(94,363,946)
Total revenues from donations and fundraising	(24,622,095)	1,894,147	(22,727,948)
Allocations to the Sir Mortimer B. Davis Jewish General Hospital	14,592,961	(1,094,931)	13,498,030

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

3. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook - Accounting and include the following accounting policies:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they are provided. For financial reporting purposes, the accounts have been classified into the following funds:

The General Fund comprises the resources donated to the Foundation for its use, as well as those resources available for use at the discretion of the Foundation's Board. The primary purpose is to subsidize research, teaching, medical technology and related expenditures.

The Endowment Fund comprises resources that are required by the donor to be maintained permanently by the Foundation. The income earned on the resources held are distributed to the restricted funds determined by the donor and based on the Foundation's spending policy. Any excess income between the income earned and the allocations to the externally restricted funds are reinvested in the endowment fund.

The Externally Restricted Fund comprises the resources that are to be used for specific purposes as specified by the donor.

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

3. Significant accounting policies (continued)

Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received.

Endowment contributions are recognized as revenue in the Endowment Fund in the year received.

Externally restricted contributions are recognized as revenue of the appropriate restricted fund when received.

The Funding Enhancement Initiative fee comprises a charge on donations which is used to (a) fund the infrastructure costs of the Lady Davis Institute and the Foundation which is recognized on all gifts and donations received and (b) fund innovation at the Lady Davis Institute and the Jewish General Hospital which is recognized on all gifts and donations received.

Investment income earned on Endowment Fund resources that must be spent per the Foundation's spending rate is recognized as revenue of the appropriate externally restricted fund when earned. Any excess of income between the income earned and the allocations to the externally restricted funds, are reinvested in the endowment fund. Other unrestricted investment income is recognized as revenue of the General Fund when earned.

Contributions in kind which are used in the normal course of the organization's operations and would otherwise have been purchased, including investments, are recorded at their fair value at the date of contribution.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the impairment of financial assets and the useful lives of property and equipment.

Property and equipment

Property and equipment are accounted for at cost. Amortization for the building is calculated on its estimated useful life using the straight-line method over a period of 20 years.

Impairment of long-lived assets

Property and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

3. Significant accounting policies (continued)

Foreign currency transactions

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the Statement of Operations.

Financial instruments

Initial measurement

The Foundation initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Foundation is in the capacity of management, are initially measured at cost.

Subsequent measurement

The Foundation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in active market, including fixed income funds and foreign currency exchange contracts, which are measured at fair value. Changes in fair value of these financial instruments are recognized in the Statement of Operations.

Financial assets and liabilities measured at amortized cost using the straight-line method include cash and cash equivalents, interest and sundry receivables, accounts payable and accrued liabilities, due to the Hospital and promissory note to the Hospital.

Financial assets measured at fair value include investments.

4. Investments

	2023	2022 (Restated)
	\$	\$
Equities	233,902,265	199,973,311
Fixed income funds	2,954,944	28,409,151
	236,857,209	228,382,462

Investments are carried in the accounts at their quoted values and any change in fair value is recorded in the Statement of Operations.

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

5. Interfund loans

Interfund loans are non-interest bearing and have no specific terms of repayment.

6. Property and equipment

	2023			2022
	Cost	Accumulated	Net	Net
	\$	amortization	book value	book value
	\$	\$	\$	\$
Land	56,400	-	56,400	56,400
Building	1,953,150	1,542,357	410,793	507,656
Paintings and artwork	974,234	-	974,234	882,410
	2,983,784	1,542,357	1,441,427	1,446,466

7. Credit facility

The Foundation's credit facility provides a \$5,000,000 line of credit with borrowings thereunder bearing interest at bank prime rate per annum. As at March 31, 2023, there was no bank indebtedness outstanding (2022, \$Nil).

8. Due to the Hospital

Due to the Hospital is non-interest bearing and has no specific terms of repayment.

9. Promissory note to the Hospital

The promissory note to the Hospital is non-interest bearing and repayable in 10 equal annual instalments of approximately \$550,000 that started in fiscal year 2017.

10. Internally restricted net assets

As at March 31, 2023, the Foundation's board of directors has internally restricted capital of \$21,407,498 in aggregate, which consists of \$19,966,071 of the General Fund which consists of estates, bequests and other capital amounts and the remaining internally restricted capital of the General Fund of \$1,441,427 relates to property and equipment.

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

11. Donations

	2023	2022 (Restated)
	\$	\$
Foundations and not-for-profit organizations	7,435,597	11,346,212
Individuals	25,156,084	23,889,421
Corporations	8,383,809	8,673,713
	40,975,490	43,909,346

12. Pledges receivable

The Foundation accepts multi-year payments for significant donations. As at March 31, 2023, the Foundation has pledges receivable for a total of \$85,850,072 (2022, \$75,231,703). In the current year, there were \$37,468,071 of net new pledges and \$26,849,702 of pledges receivable were received and recorded as donation revenue in the Statement of Operations. The pledges were for the various projects underway by the Foundation.

13. Commitments

Sir Mortimer B. Davis Jewish General Hospital

The Foundation has made a recurring annual commitment to provide approximately \$3,100,000 of funding to the Hospital to be applied towards supplementary activities ("activités accessoires").

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

13. Commitments (continued)

Investment purchase commitments

As at March 31, 2023, the Foundation has committed to invest approximately \$224,422,375 in 42 closed-end investment funds of which approximately \$138,119,216 has been purchased as at March 31, 2023.

Digital Health Initiative

The Foundation made a commitment to fund the Hospital's Digital Health Initiative in the amount of \$94,000,000. The remaining commitment aggregates to \$70,701,514. The anticipated instalments over the next five years are the following:

	\$
2024	15,649,721
2025	18,545,409
2026	15,330,996
2027	16,000,000
2028	5,175,388
	70,701,514

Active fundraising continues for this commitment and it is the principal priority for the Comprehensive Campaign which is currently in the silent phase.

Hospital's other activities

The commitment of the Foundation under various agreements to fund the Hospital's other activities aggregates to \$17,996,114. The instalments over the next four years are the following:

	\$
2024	4,797,534
2025	6,538,571
2026	3,424,763
2027	3,235,246
	17,996,114

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

13. Commitments (continued)

Rossy Cancer Network

The commitment of the Foundation under an agreement with the Rossy Cancer Network to establish a cancer network and improve the identification of cancer indicators and quality of cancer care aggregates to \$3,151,000. The instalments over the next six years are the following:

	\$
2024	545,000
2025	545,000
2026	545,000
2027	545,000
2028	545,000
2029	426,000
	3,151,000

Hospital's Phase 4 renovations

As a condition of the Québec government funding the renovations of the Hospital's Legacy's Buildings (Phase 4) in the amount of approximately \$270 million, the Foundation made an additional commitment to the Hospital that it will be responsible if costs exceed the budgeted amount, to a maximum of \$15,742,279 ("the Risk Reserve"). During the year, the Foundation was informed by the Hospital that the entirety of the Risk Reserve will be required. The expected instalments over the next four years are as follows:

	\$
2024	3,400,000
2025	4,114,093
2026	4,114,093
2027	4,114,093
	15,742,279

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

14. Guarantee

The Foundation has guaranteed the debt service with respect to the loan which funds the construction costs of the parking structure related to the Hospital's Pavillon K project. The balance of debt related to the parking structure amounted to approximately \$15.8 million as at March 31, 2023 and is bearing 4.31% interest on an annual basis. The loan is repayable over 25 years and matures in 2038, and it is intended that the debt service of the loan and operating costs of the parking structure will be funded from the parking revenue. The Foundation will be liable, on an annual basis, to fund the shortfall if the parking revenue is not sufficient. To date, there has been no annual shortfall and no funding provided by the Foundation in this regard.

15. Foreign currency exchange contract

As at year-end, in order to protect against foreign currency fluctuations inherent in holding foreign currency denominated investments, the Foundation has a contractual obligation through forward exchange contracts to sell in aggregate \$27,955,000 U.S. in exchange for approximately \$37,620,139 Canadian in May 2023 at foreign exchange rates approximating 1.35 and to sell in aggregate \$470,778 CAD in exchange for approximately \$384,000 U.S. in May 2023 at a foreign exchange rate of 1.35. Gains and losses related to foreign currency exchange contracts exercised are recognized when realized. During the year, the Foundation recognized income on foreign currency exchange contracts exercised for an amount of approximately \$Nil (2022, \$278,183), which is included in the investment income amount on the Statement of Operations.

As at year-end, the fair value of the foreign currency exchange contracts has been determined using the March 31, 2023 noon-closing exchange rates published by the Bank of Canada. The resulting derivative asset was not material and recognized in investments on the Statement of Financial Position.

16. Financial instruments

Financial risks

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Foundation's risk exposure at the statement of financial position date of March 31, 2023. There have been no substantive changes in the Foundation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices. Some of the Foundation's financial instruments expose it to this risk, which comprises currency risk and interest rate risk.

SIR MORTIMER B. DAVIS JEWISH GENERAL HOSPITAL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

16. Financial instruments (continued)

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 Foundation's activities involve investments denominated in foreign currencies. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations. The Foundation enters into foreign exchange contracts to mitigate the risk. As at March 31, 2023, assets and liabilities denominated in foreign exchange and converted into Canadian dollars are the following:

	2023		2022	
	Canadian dollars \$	Foreign Currency	Canadian dollars \$	Foreign Currency
Cash (in US \$)	535,558	395,743	75,000	58,000
Marketable securities (in U.S. \$)	83,048,272	61,364,963	152,241,000	111,470,000
Marketable securities (in €)	6,909,087	4,698,950	119,000	86,000

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation is exposed to interest rate risk on its financial instruments. Fixed interest rate instruments subject the Foundation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

17. Comparative figures

Certain figures for 2022 have been reclassified to conform to the presentation adopted in 2023.