

Sunnybrook Health Sciences Centre Foundation

Financial Statements

March 31, 2025

(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, 2025 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, 2025;
- 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

Toronto, Ontario
June 23, 2025

Sunnybrook Health Sciences Centre Foundation

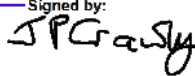
Statement of Financial Position

As at March 31, 2025

(in thousands of Canadian dollars)

	2025 \$	2024 \$
Assets		
Current assets		
Cash and cash equivalents	18,907	33,544
Amounts receivable	213	167
Prepaid expenses and other assets	662	625
	19,782	34,336
Investments (note 3)	370,936	342,904
Other non-current assets	68	-
Property and equipment (note 4)	1,092	1,686
	391,878	378,926
Liabilities		
Current liabilities		
Amounts payable and accrued liabilities (note 12)	2,223	1,651
Deferred revenue	490	409
Due to Sunnybrook Health Sciences Centre (note 8)	11,491	4,848
	14,204	6,908
Fund Balances		
Unrestricted	19,745	15,937
Restricted (note 5)	210,433	219,703
Endowed (note 6)	147,496	136,378
	377,674	372,018
	391,878	378,926

Approved by the Board of Directors

Signed by:

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Director

Signed by:

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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, 2025

(in thousands of Canadian dollars)

	2025			2024
	Unrestricted fund \$	Restricted fund \$	Endowed fund \$	Total \$
Revenue				
Donations (note 13)	13,282	57,968	6,860	78,110
Bequests	2,122	2,515	-	4,637
Investment income (note 9)	15,358	63	8,478	23,899
	30,762	60,546	15,338	106,646
Expenditures (note 10)				
Fundraising	17,458	1,839	-	19,297
Administrative	6,475	-	-	6,475
	23,933	1,839	-	25,772
Parking operations (note 11)				
Revenue	19,304	-	-	19,304
Expenditures	(16,032)	-	-	(16,032)
	3,272	-	-	3,272
Surplus of revenue over expenses before grants	10,101	58,707	15,338	84,146
Grants	(3,350)	(75,140)	-	(78,490)
Surplus (deficit) for the year	6,751	(16,433)	15,338	5,656
Fund balances – Beginning of year	15,937	219,703	136,378	372,018
Interfund transfers (note 7)	(2,943)	7,163	(4,220)	-
Fund balances – End of year	19,745	210,433	147,496	377,674

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, 2025

(in thousands of Canadian dollars)

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Surplus for the year	5,656	21,296
Items not affecting cash		
Amortization of property and equipment	856	648
Change in fair value of investments (note 9)	(8,369)	(25,929)
Reinvested investment income (note 9)	(14,125)	(8,820)
Changes in non-cash items		
Amounts receivable	(46)	(75)
Prepaid expenses and other assets	(37)	(13)
Amounts payable and accrued liabilities	572	259
Deferred revenue	81	(279)
Due to Sunnybrook Health Sciences Centre	6,643	1,398
Other non-current assets	(68)	-
	<u>(8,837)</u>	<u>(11,515)</u>
Investing activities		
Purchase of investments	(13,838)	(26,170)
Proceeds from sale of investments	8,300	35,862
Purchase of property and equipment	(262)	(427)
	<u>(5,800)</u>	<u>9,265</u>
Change in cash and cash equivalents during the year	(14,637)	(2,250)
Cash and cash equivalents – Beginning of year	33,544	35,794
Cash and cash equivalents – End of year	18,907	33,544

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

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2025

(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 \$1,000 to nil% once lifetime giving exceeds \$10,000. 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 per gift or pledge.
- 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.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2025

(in thousands of Canadian dollars)

- 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 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.

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.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

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(in thousands of Canadian dollars)

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.

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.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

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6 Endowment fund

The endowment fund reflects internally and externally restricted resources that may include an internal or external requirement that the principal be maintained. The endowment fund also includes internal resources transferred by the Board of Directors with the intention that the principal be maintained intact, but may be drawn down to fund operating activities and grants as required.

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

	2025 \$	2024 \$
Externally endowed	146,863	135,758
Internally endowed approved by the Board		
Internally restricted	108	106
Unrestricted	525	514
	633	620
	147,496	136,378

7 Interfund transfers

Transfers between funds consist of the following:

	Unrestricted fund		Restricted fund		Endowed fund	
	2025 \$	2024 \$	2025 \$	2024 \$	2025 \$	2024 \$
Board of Directors and donor approved fund restrictions	(7,821)	(10,519)	6,746	8,099	1,075	2,420
Reinvestment in Foundation support in accordance with Board of Directors policy (note 2)	3,867	4,199	(3,626)	(4,114)	(241)	(85)
Allocation of investment income in accordance with Board of Directors policy	1,011	903	4,043	3,612	(5,054)	(4,515)
	(2,943)	(5,417)	7,163	7,597	(4,220)	(2,180)

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8 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 \$13,077 (2024 – \$12,028). 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 \$3,952 (2024 – \$4,384).

During the year, the Foundation granted \$43,725 (2024 – \$57,124) to the Hospital and \$34,765 (2024 – \$24,380) to Sunnybrook Research Institute (SRI), an entity controlled by the Hospital. The Hospital is the sole voting member of SRI. As at March 31, 2025, the Foundation owed \$11,491 that includes \$4,000 for SRI (2024 – \$4,848) 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, 2025, SRI approved a transfer of \$1,986 (2024 – \$7,595) of commercialization and other revenue to the Foundation, which is recorded as revenue in the restricted fund.

9 Investment income

	2025 \$	2024 \$
Interest	1,476	1,626
Foreign exchange (loss) gain	(2)	250
Dividends and realized gains	14,056	9,017
Change in fair value of long-term investments	8,369	25,929
Net investment income	23,899	36,822

10 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 \$13,269 (2024 – \$12,134) as follows: \$9,901 (2024 – \$8,903) to fundraising expenses and \$3,368 (2024 – \$3,231) to administrative expenses.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2025

(in thousands of Canadian dollars)

11 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.

12 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, 2025, the Foundation contributed \$1,007 (2024 – \$927). The most recent actuarial valuation of the Plan as at December 31, 2024 indicates the Plan has a 111% surplus in disclosed actuarial assets and is fully funded on a solvency basis.

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, 2025, the Foundation's accrued benefit obligation with respect to these benefits was \$406 (2024 – \$370). The current year's cost of \$10 (2024 – \$34) has been recognized in the financial statements.

The following summarizes balances related to the accrued benefit obligation:

	2025 \$	2024 \$
Accrual for services in the year	29	27
Interest on accrued benefits	19	18
Actuarial losses during the year	(13)	-
Actual benefit payments	(25)	(11)
Total current year's cost	<u>10</u>	<u>34</u>
Accrued benefit obligation – Beginning of year	370	336
Expense for the year	48	45
Funding contributions	(25)	(11)
Re-measurement due to actuarial losses during the year	13	-
Accrued benefit obligation – End of year	<u>406</u>	<u>370</u>

The total accrued benefit obligation as at March 31, 2025 is included in amounts payable and accrued liabilities. The actuarial valuation was completed as at March 31, 2023.

Sunnybrook Health Sciences Centre Foundation

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March 31, 2025

(in thousands of Canadian dollars)

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

	2025	2024
Discount rate for net benefit cost	4.90%	4.90%
Dental benefit escalation	5.00%	5.00%
Medical benefits cost escalation – extended health care	5.60%	5.60%

13 Lottery

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

	2025 \$	2024 \$
Gross lottery revenue	1,503	1,396
Interest income	61	47
Less: Expenses – including prizes	838	764
Total net proceeds	<u>726</u>	<u>679</u>

During the year, the Foundation held three lottery licences that covered the periods from July 1, 2023 to June 30, 2024, July 1, 2024 to June 30, 2025 and from February 1, 2025 to January 31, 2026.

Lottery funds raised are used to support patient care, research and priority capital 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.

Sunnybrook Health Sciences Centre Foundation

Notes to Financial Statements

March 31, 2025

(in thousands of Canadian dollars)

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.

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.