Financial statements of
St. Mary’s Hospital Foundation

March 31, 2026

Deloitte.

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Independent Auditor's Report

To the Board of Directors of
St. Mary's Hospital Foundation

Qualified Opinion

We have audited the financial statements of St. Mary's Hospital Foundation (the "Foundation"), which comprise the balance sheet as at March 31, 2026, and the statements of income and expenditures, 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 (collectively referred to as the "financial statements").

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, 2026, 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 ("ASNPO").

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to recorded donations, the excess of income over expenditures, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and fund balances as at April 1 and March 31 for both the 2026 and 2025 years. Our audit opinion on the financial statements for the year ended March 31, 2025, was also modified because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 audit 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 ASNPO, 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 GAAS 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 GAAS, 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.

Deloitte LLP[1]

June 9, 2026

[1] CPA auditor, public accountancy permit No. A125888

St. Mary's Hospital Foundation
Statement of income and expenditures
Year ended March 31, 2026

	Notes and Schedule	Endowment Fund	Restricted Fund	General Fund	2026 Total	2025 Total
		$	$	$	$	$
Income						
Donations and events revenue		128,900	3,624,699	33,391,398	37,144,997	13,848,535
Investment income	3	738,767	421,522	5,408,395	6,568,684	4,456,864
		867,667	4,046,221	38,799,793	43,713,681	18,305,399
Expenditures						
Salaries		—	—	1,394,501	1,394,501	1,267,931
Expenses – events		—	51,719	831,247	882,966	871,645
Administrative and fundraising expenses		—	—	703,782	703,782	380,998
Investment expenses		—	—	181,486	181,486	161,025
Amortization and write off of capital assets		—	—	3,332	3,332	14,543
		—	51,719	3,114,348	3,166,067	2,696,142
Excess of income over expenditures before the following items		867,667	3,994,502	35,685,445	40,547,614	15,609,257
Donations to St. Mary's Hospital Centre	A	—	(4,497,227)	(2,193,927)	(6,691,154)	(4,317,505)
Chairs and special projects		—	(170,000)	(74,857)	(244,857)	(600,840)
Excess of income over expenditures		867,667	(672,725)	33,416,661	33,611,603	10,690,912

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

St. Mary's Hospital Foundation

Statement of changes in fund balances

Year ended March 31, 2026

	Notes	Endowment Fund	Restricted Fund	Invested in capital assets	Unrestricted	Total
		$	$	$	$	$
Balance as at March 31, 2024		10,089,880	18,017,791	23,170	14,354,895	42,485,736
Excess (deficiency) of income over expenditures		536,750	342,464	(14,543)	9,826,241	10,690,912
Interfund transfer	6	(100,000)	470,171	—	(370,171)	—
Balance as at March 31, 2025		**10,526,630**	**18,830,426**	**8,627**	**23,810,965**	**53,176,648**
Excess (deficiency) of income over expenditures		**867,667**	**(672,725)**	**(3,332)**	**33,419,993**	**33,611,603**
Acquisition of capital assets		**—**	**—**	**1,187**	**(1,187)**	**—**
Interfund transfer	6	**—**	**858,305**	**—**	**(858,305)**	**—**
Balance as at March 31, 2026		**11,394,297**	**19,016,006**	**6,482**	**56,371,466**	**86,788,251**

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

St. Mary's Hospital Foundation

Balance sheet

As at March 31, 2026

	Notes	2026	2025
		$	$
Assets			
Current assets			
Cash		**735,262**	633,617
Accounts receivable		**647,270**	1,069,782
Prepaid expenses		**158,054**	136,866
		1,540,586	1,840,265
Portfolio investments, at fair value	4	**87,498,583**	54,092,516
Capital assets	5	**6,482**	8,627
		89,045,651	55,941,408
Liabilities			
Current liabilities			
Accounts payable and accruals		**241,830**	228,174
Due to St. Mary's Hospital Centre		**1,842,900**	2,335,861
Unearned revenue		**172,670**	200,725
		2,257,400	2,764,760
Pledges payable commitments	10		
Fund balances			
Endowment	7	**11,394,297**	10,526,630
Externally restricted	8	**19,016,006**	18,830,426
General			
Invested in capital assets		**6,482**	8,627
Unrestricted		**56,371,466**	23,810,965
		86,788,251	53,176,648
		89,045,651	55,941,408

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

Approved by the Board

____, Director

____, Director

St. Mary's Hospital Foundation
Statement of cash flows
Year ended March 31, 2026

	2026	2025
	$	$
Operating activities		
Excess of income over expenditures	**33,611,603**	10,690,912
Adjustments for:		
Amortization and write off of capital assets	**3,332**	14,543
Realized gains on investments	**(1,507,556)**	(2,403,045)
Unrealized change in fair value of investments	**(2,922,101)**	(427,123)
Share donations received	**(1,910,439)**	(850,376)
	27,274,839	7,024,911
Changes in non-cash operating working capital items		
Accounts receivable	**422,512**	(433,852)
Prepaid expenses	**(21,188)**	(24,023)
Accounts payable and accruals	**13,656**	35,626
Due to St. Mary's Hospital Centre	**(492,961)**	1,238,795
Unearned revenue	**(28,055)**	135,775
	27,168,803	7,977,232
Investing activities		
Acquisition of capital assets	**(1,187)**	—
Acquisition of investments	**(44,639,727)**	(25,795,486)
Proceeds on sale of investments	**17,573,756**	17,856,202
	(27,067,158)	(7,939,284)
Net increase in cash	**101,645**	37,948
Cash, beginning of year	**633,617**	595,669
Cash, end of year	**735,262**	633,617

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

1. Nature of the activities of the Foundation

The St. Mary's Hospital Foundation (the "Foundation") is incorporated under Part III of the *Companies Act* (Québec) as a not-for-profit organization and is a registered charity within the meaning of the *Income Tax Act*. Under the *Income Tax Act*, the Foundation is classified as a public foundation and is subject to the articles thereof. The objective of the Foundation is to raise funds for the needs of St. Mary's Hospital Centre (the "Hospital") that are not funded by the ministère de la Santé et des Services sociaux. The Hospital is a McGill affiliated CHAU accredited community hospital.

2. Accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") using the restricted fund method and reflect the following significant accounting policies:

Fund accounting

Donations and other income received by the Foundation are classified into three funds: the Endowment Fund, the Restricted Fund and the General Fund.

The Endowment Fund records donations that are subject to donor stipulations requiring the capital to be maintained. The fund balance consists of original endowment contributions plus cumulative investment income required to be reinvested in endowment capital as per the Foundation's current Capital Funds Governance Policy.

The Restricted Fund includes resources that are subject to requirements specified by the donors, including investment income earned on endowment funds established for restricted purposes. The fund balance consists of restricted funds received but not yet spent.

The General Fund records all unrestricted activities, which includes sources of funds that are not subject to specific stipulations and are available for operations or as directed by the board of directors. Funds invested in capital assets report the capital assets less their accumulated amortization.

Investment income

Investment income is recorded when earned. Investment income is allocated in accordance with the Foundation's Capital Funds Governance Policy. Unrestricted investment income is recorded in the General Fund. In order to preserve endowment capital against inflation, only a prescribed percentage, as determined by the board, of the opening fair value of endowment capital is made available for spending and is recorded in the Restricted Fund. Any excess of actual investment income earned on endowments over the prescribed amount is recorded as investment income in the Endowment Fund. In the event of a shortfall, a negative investment income is recorded in the Endowment Fund drawing down on investment income previously accumulated.

Donations

Pledged donations are disclosed in the notes to the financial statements and are only recorded as income when received.

Donated goods and services

The value of donated goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated. Furthermore, each year, many volunteers give a lot of their time to the Foundation to make sure that it can provide its services. These services are not recognized in the financial statements.

2. Accounting policies (continued)

Capital assets

Capital assets are recorded at cost. Amortization is computed on the straight-line basis over the estimated useful life of the assets as follows:

Office furniture and equipment	5 years
Leasehold improvements	10 years

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Financial assets and financial 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 recognized at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Foundation in the transaction.

Subsequent measurement

Subsequently, all financial instruments are measured at amortized cost except for portfolio investments, which are measured at fair value at the balance sheet date.

Transaction costs

Transaction costs related to portfolio investments are expensed as incurred. Transaction costs for all other instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in the statement of income and expenditures as interest income or expense.

Impairment

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in operations an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to operations in the period the reversal occurs.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the balance sheet date. Revenue and expenses are translated at the exchange rates prevailing on the transaction dates. Realized and unrealized exchange gains and losses are included in the statement of income and expenditures. The Foundation does not use derivative instruments to mitigate foreign exchange risk.

2. Accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Investment income

	2026	2025
	$	$
Interest	**1,255,803**	810,763
Dividends and other distributions	**883,224**	815,933
Realized gains on investments	**1,507,556**	2,403,045
Unrealized change in fair value of investments	**2,922,101**	427,123
	6,568,684	4,456,864

The allocation of investment income is made in accordance with the Foundation's Capital Funds Governance Policy described in Note 2, resulting in the presentation of investment income in the statement of income and expenditures as follows:

	2026	2025
	$	$
Endowment Fund	**738,767**	514,050
Restricted Fund	**421,522**	406,064
General Fund	**5,408,395**	3,536,750
	6,568,684	4,456,864

4. Portfolio investments, at fair value

	2026	2025
	$	$
Cash and cash equivalents	**40,855,381**	15,458,393
Bonds – Canadian	**10,841,544**	8,087,927
Mutual funds, equities and fixed income – Canadian	**4,166,969**	4,113,922
Shares – Canadian	**17,134,287**	14,333,303
Shares – Foreign	**14,008,325**	11,630,741
Alternative investments	**492,077**	468,230
	87,498,583	54,092,516

4. Portfolio investments, at fair value (continued)

Market risk

The Foundation is subject to market risk, which is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. These risks include exposure to fluctuations in interest rates and in foreign currencies. The concentration of risk is mitigated because of the Foundation's diversification of its investment portfolio.

Currency risk

The Foundation has investments in foreign currencies and is accordingly subject to risk arising from currency rate changes. The fair value of U.S. shares is translated at the current rate as at year-end which was 1.3939 in 2026 (1.4376 in 2025) and comprised 33.77% (35.64% in 2025) of the foreign shares balance.

Interest rate risk

The Foundation has interest rate risk from the impact of changes in interest rates on the fair value of fixed-income investments. The Foundation's bonds bear interest at rates ranging from 0.63% to 5.70% (0.90% to 5.70% in 2025) and mature within the next twenty-four years (nineteen years in 2025).

Credit risk

Credit risk concentration exists where a significant portion of the portfolio is invested in securities which have comparable characteristics or obey similar variations relating to economic or political conditions. The credit risk is mainly due to the fact that the Foundation owns bonds. There is a risk that the issuer will be unable to pay their obligations towards the Foundation. The Foundation mitigates this risk through the diversification of its investment portfolio.

5. Capital assets

			2026	2025
	Cost	**Accumulated amortization**	**Net book value**	Net book value
	$	**$**	**$**	$
Office furniture and equipment	**181,605**	**175,123**	**6,482**	8,627
Leasehold improvements	**31,525**	**31,525**	**—**	—
	213,130	**206,648**	**6,482**	8,627

6. Interfund transfers

The board of directors of the Foundation may authorize, from time to time, transfers between funds in accordance with the Hospital's strategic direction. The interfund transfers consist primarily of funds collected through the Foundation's fundraising events that are allocated to specific internal and external projects. In 2026, the St. Mary's Masters proceeds of $592,268 along with $183,566 from the Unrestricted Next Century of Care fund was transferred to Restricted Funds for the ER renovation project scheduled to commence in the summer of 2026. Transferred from the General Fund to Restricted Funds was $22,036 to cover Board of Governors initiatives, $54,998 to contribute to the Virtual Reality Concert project and $5,437 to cover various departmental needs. In 2025, $100,000 was transferred from an endowment fund to the 2024 St. Mary's Ball. Transferred from the General Fund to Restricted Funds was $7,399 to cover supply needs of the maternity ward, $29,418 to cover Board of Governors initiatives, $250,000 for future Next Century of Care initiatives, $100,854 for future Urology needs and $82,500 for the outpatient Geriatric clinic renovation.

7. Endowment

	2026	2025
	$	$
McGill Chair – Family and Community Medicine Research	**3,863,711**	3,614,622
McGill Chair – Community Cancer Care	**4,470,838**	4,182,607
Family Medicine	**117,462**	109,378
Oncology	**269,233**	250,702
Helene Derouin Renaud	**213,088**	198,423
Johnson Fund for Geriatrics	**279,617**	255,763
Edward Tinmouth	**393,666**	366,572
Gail Hutchison	**477,495**	424,442
St. George's Lodge	**177,803**	165,566
Renal Dialysis	**290,679**	270,673
Hingston Grant/Medical Leadership	**192,991**	177,865
J. Desmarais Fund for Nurses	**93,155**	86,744
I.C.U. Fund	**116,444**	108,430
Ophthalmology	**93,155**	86,744
Governors of St. Mary's Legacy	**27,305**	25,426
Arvind K. Joshi Nursing Research Fellowship	**216,244**	201,360
Joyce Stuart Slapcoff	**1,411**	1,313
Dr. Mohammad Saeed Chughtai Award - Surgical Excellence	**100,000**	—
	11,394,297	10,526,630

8. Externally restricted

	2026	2025
	$	$
Campus Development Project	**4,540,411**	4,610,432
Next Century of Care	**4,136,252**	2,608,071
Disbursable Endowment Interest	**1,651,785**	1,572,148
Girls for the Cure	**1,011,998**	761,377
Heart and Stroke	**630,323**	635,401
Cancer Care Program	**580,936**	687,617
Pamela Prchal Fund for Advancement in Cancer	**463,439**	463,439
Orthopaedic Fellowship	**454,062**	334,568
Auxiliary General Fund	**443,261**	308,739
Urology	**371,283**	349,798
Medicine	**362,721**	482,401
Dr. Hemmings Female Pelvic Medicine Fellowship	**310,863**	324,325
General Surgery	**280,059**	279,656
Orthopaedic Equipment Fund	**275,203**	276,117
Family Medicine	**273,008**	247,357
Psychiatry Department Renovation	**267,822**	1,847,749
Emergency Fund	**254,089**	246,830
GRASP Project	**229,184**	261,223
Professional Advancement	**208,348**	208,348
Psychiatry	**207,488**	113,928
Ophthalmology	**183,456**	310,419
Obstetrics	**182,671**	128,353
Nursing Mentorship Program	**149,102**	168,906
Orthopaedic Education Fund	**134,393**	113,811
SMHC Mat/Child Physicians Fund	**127,185**	119,103
Can-Tox Symposium	**121,000**	69,500
Kidney Fund	**112,095**	89,213
Other fund balances of less than $100,000 each	**1,053,569**	1,211,597
	19,016,006	18,830,426

9. Pledges receivable, but not recognized in the financial statements

At year-end, the Foundation had received pledges totalling $22,292,448, which are receivable up to 2035 as follows:

	$
2027	6,090,074
2028	13,556,552
2029	1,332,500
2030	1,188,322
2031	25,000
2032	25,000
2033	25,000
2034	25,000
2035	25,000
	22,292,448

10. Pledges payable commitments but not recognized in the financial statements

At year-end, the Foundation's outstanding pledges to the Hospital over a period up to ten years were as follows:

	$
McGill Family and Community Medicine Chair	120,000
McGill Community Cancer Care Chair	280,000
Rossy Cancer Network	1,186,724
Medical Research and Teaching	2,048,362
Oncology Career Development Award	180,000
Additional Funding – 5th Floor	92,759
SMHC Site Specific Equipment (Urology, Gastroenterology, Anesthesiology, Orthopaedics, ENT, Simulation Centre)	1,204,646
Orthopaedic Project	373,780
Geriatric Clinic & Multidisciplinary Team	472,276
Bridge Financing – Geriatric and In-Patient Psychology ward renovations to be funded by CIUSSS ODIM	697,326
Sleep Apnea Project	24,831
Nursing Professional Development Program	172,300
Renovation of Psychiatry Unit	6,000,000
Electronic Patient Records Program	575,000
Emergency Department Renovation	16,300,000
Operating Room / Surgery Renovation Project	10,000,000
Respirology Fellowship Award	55,000
Facilities Modernization*	16,000,000
	55,783,004

* The Hospital has developed an overall facilities modernization project towards which the Foundation has pledged $16,000,000 subject to conditions regarding the feasibility of the project and other matters specified by the Foundation. Any disbursements related to this pledge are expected to be made in the next three to five years.

The timing of disbursement of these pledges will depend on the timing of the Hospital's execution of its plans in these areas and subject to the cash availability of the Foundation. Amounts claimed by the Hospital are expensed only when properly submitted, reviewed and approved by the Foundation.

11. Financial instruments

Liquidity risk

The Foundation's objective is to have sufficient liquidity to meet its liabilities when due. The Foundation monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2026, the most significant financial liabilities are accounts payable and accruals and due to St. Mary's Hospital Centre.

Donations to St. Mary's Hospital Centre – Schedule A

	2026	2025
	$	$
From Restricted Funds		
Campus Development	**2,726,849**	861,973
Geriatrics	**649,330**	561,818
Medicine	**543,595**	231,652
Cancer care	**320,443**	428,409
Professional Advancement	**126,185**	61,760
Emergency	**49,673**	42,505
Psychiatry	**41,949**	36,558
Family Medicine	**19,934**	68,516
Other projects	**19,269**	10,462
	4,497,227	2,303,653
From General Funds – Unrestricted		
Medical research and teaching	**2,136,923**	1,584,456
Medical equipment	**44,955**	123,139
Programs and services	**12,049**	18,398
Renovations	**—**	24,698
Centennial	**—**	263,161
	2,193,927	2,013,852
	6,691,154	4,317,505