

Grace Dart Foundation
Financial Statements
March 31, 2023

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Independent Auditor's Report

To the Directors of
Grace Dart Foundation

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Opinion

We have audited the financial statements of Grace Dart Foundation (hereafter "the Foundation"), which comprise the statement of financial position as at March 31, 2023 and the statements of revenue, expenditures and surplus 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, 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.

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

Montréal
May 24, 2023

¹ CPA auditor, public accountancy permit no. A117472

Grace Dart Foundation

Revenue, Expenditures and Surplus

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
Revenue		
Dividends	233,583	194,110
Interest in net income of mutual funds and trust units	2,260,485	1,048,910
Net change in fair value of investments	<u>(3,179,102)</u>	<u>5,416,351</u>
	<u>(685,034)</u>	<u>6,659,371</u>
Donations		
Businesses	7,600	7,200
Individuals	34,316	19,542
Other not-for-profit organizations	<u>26,368</u>	<u>5,008</u>
	<u>68,284</u>	<u>31,750</u>
	<u>(616,750)</u>	<u>6,691,121</u>
Expenditures		
Portfolio fees and charges	74,232	73,344
General and administrative (Schedule)	171,269	146,645
Professional fees	<u>44,494</u>	<u>40,046</u>
	<u>289,995</u>	<u>260,035</u>
Excess (deficiency) of revenue over expenditures before distributions	<u>(906,745)</u>	<u>6,431,086</u>
Distributions		
CHSLDs in the Montréal area	322,297	488,670
Charitable organizations	<u>1,888,833</u>	<u>1,991,454</u>
	<u>2,211,130</u>	<u>2,480,124</u>
Excess (deficiency) of revenue over expenditures	(3,117,875)	3,950,962
Surplus, beginning of year	<u>39,192,165</u>	<u>35,241,203</u>
Surplus, end of year	<u><u>36,074,290</u></u>	<u><u>39,192,165</u></u>

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

Grace Dart Foundation

Cash Flows

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	(3,117,875)	3,950,962
Non-cash items		
Amortization of tangible capital assets	1,540	663
Net change in fair value of investments	3,179,102	(5,416,351)
Reinvested income from interest in net income of mutual funds and trust units	(2,260,485)	(1,067,195)
	<u>(2,197,718)</u>	<u>(2,531,921)</u>
Net change in working capital items	48,193	(21,013)
Cash flows from operating activities	<u>(2,149,525)</u>	<u>(2,552,934)</u>
INVESTING ACTIVITIES		
Marketable securities	(2,255,007)	(3,985,972)
Disposal of marketable securities	4,445,154	6,152,744
Net change in cash held for investments	(31,160)	30,109
Tangible capital assets		(10,125)
Cash flows from investing activities	<u>2,158,987</u>	<u>2,186,756</u>
Net increase (decrease) in cash	9,462	(366,178)
Cash, beginning of year	<u>188,405</u>	<u>554,583</u>
Cash, end of year	<u>197,867</u>	<u>188,405</u>

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

Grace Dart Foundation

Financial Position

March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	197,867	188,405
Accounts receivable (Note 3)	15,791	15,231
Prepaid expenses	<u>6,289</u>	<u>6,601</u>
	219,947	210,237
Long-term		
Marketable securities and cash held for investments (Note 4)	35,878,903	38,956,507
Advance to CIUSSS ODIM – Grace Dart Extended Care Centre		47,019
Tangible capital assets	<u>7,922</u>	<u>9,462</u>
	<u>36,106,772</u>	<u>39,223,225</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities	32,482	31,060
SURPLUS		
	<u>36,074,290</u>	<u>39,192,165</u>
	<u>36,106,772</u>	<u>39,223,225</u>

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

On behalf of the Board,

Director

Director

Grace Dart Foundation

Notes to Financial Statements

March 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE FOUNDATION

The Foundation, incorporated under Part III of the Companies Act (Quebec), is a registered charity under the Income Tax Act. Under an agreement dated January 1, 2004, Montreal Protestant Homes Foundation and Grace Dart Hospital Foundation amalgamated under the name Grace Dart Foundation.

The Foundation distributes funds to charitable organizations and CHSLDs in the Montréal area, with the main purpose of financing services and tangible capital assets not paid for by the Government of Quebec as well as other unsubsidized expenses.

2 - 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.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Foundation's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in the statement of revenue, expenditures and surplus in the year they are incurred.

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for shares of Canadian and American public companies, trust units and mutual fund investments which are measured at fair value.

With respect to financial assets measured at amortized cost, 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 the statement of revenue, expenditures and surplus. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in the statement of revenue, expenditures and surplus in the year the reversal occurs.

Grace Dart Foundation

Notes to Financial Statements

March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Foundation's policy is to present in cash and cash equivalents bank balances and investments with a maximum maturity of three months from the acquisition date or redeemable at any time without penalty and for which the Foundation does not intend to reinvest at maturity. The Foundation does not consider cash held for investments in cash and cash equivalents because cash held for investments is not used in the Foundation's operating activities.

Tangible capital assets

Tangible capital assets acquired are recorded at cost.

Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives according to the following periods:

	<u>Periods</u>
Furniture and equipment	10 years
Computer equipment	3 years

Write-down

When the Foundation recognizes that a tangible capital asset no longer has any long-term service potential, the excess of net carrying amount of the tangible capital asset over its residual value is recognized as an expense in the statement of revenue, expenditures and surplus.

Revenue recognition

Contributions

The Foundation follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenditures are deferred and are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Net investment income

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

Net investment income includes interest and dividend income, income from the interest in net income of mutual funds and trust units and changes in fair value of investments.

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

Grace Dart Foundation

Notes to Financial Statements

March 31, 2023

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

With respect to investments measured at fair value, the Foundation has elected to exclude from changes in fair value interest income, dividend income and interest in net income of mutual funds and trust units.

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. Revenue and expenditures are translated at the average rate for the period, with the exception of the amortization of assets translated at the historical exchange rates, which is translated at the same exchange rates as the related assets. The related exchange gains and losses are accounted for in revenue and expenditures for the year. Exchange gains and losses on financial instruments subsequently measured at fair value are included in net change in fair value of investments in the statement of revenue, expenditures and surplus.

3 - ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
	\$	\$
Portfolio fee rebate receivable	7,100	7,200
Sales taxes receivable	8,691	8,031
	<u>15,791</u>	<u>15,231</u>

4 - MARKETABLE SECURITIES AND CASH HELD FOR INVESTMENTS

	<u>2023</u>	<u>2022</u>
	\$	\$
Shares of Canadian public companies (a)	10,281,165	10,794,070
Shares of American public companies (b)	6,221,057	6,701,361
Trust units in real estate sector	439,965	633,735
Mutual funds (c)	18,893,440	20,815,225
Cash held for investments	43,276	12,116
	<u>35,878,903</u>	<u>38,956,507</u>

- (a) The shares of Canadian public companies are held at 29%, 17% and 14% respectively in the resources, manufacturing and financial sectors (33%, 17% and 15% as at March 31, 2022);
- (b) The shares of American public companies are held at 84% and 16% respectively in the technology and financial sectors (84% and 16% as at March 31, 2022);
- (c) The mutual funds are held at 60% and 20% respectively in Canadian equities and American equities (71% and 18% as at March 31, 2022).

Grace Dart Foundation

Notes to Financial Statements

March 31, 2023

5 - FINANCIAL RISKS

Credit risk

Some mutual funds and some trust units indirectly expose the Foundation to credit risk.

Market risk

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

Currency risk

The majority of the Foundation's transactions are in Canadian dollars. Currency risk results from the Foundation's investment activities denominated in foreign currency which are primarily in U.S. dollars. As at March 31, 2023, the Foundation is exposed to currency risk due to shares of American public companies denominated in U.S. dollars totalling \$6,221,057 (\$6,701,361 as at March 31, 2022).

Some mutual funds and some trust units indirectly expose the Foundation to currency risk.

Interest rate risk

Some mutual funds and some trust units indirectly expose the Foundation to interest rate risk.

Other price risk

The Foundation is exposed to other price risk due to shares of Canadian and American public companies, trust units and mutual funds since changes in market prices could result in changes in the fair value or cash flows of these instruments.

Some mutual funds and some trust units indirectly expose the Foundation to other price risk.

6 - COMMITMENTS

The Company has entered into a long-term lease agreement expiring on August 31, 2025 which calls for lease payments of \$94,278 for the rental of premises located at 1310 Greene Avenue, Westmount. Minimum lease payments for the next years are \$38,681 in 2024, \$39,245 in 2025 and \$16,352 in 2026.

7 - FUNDS HELD IN TRUST

The Foundation holds in trust a term deposit of \$11,731,504 on behalf of the Montreal West Island Integrated University Health and Social Services Centre (CIUSSS ODIM).

During the year, the CIUSSS ODIM disposed of a land and building, the Grace Dart Pavilion, and collected the proceeds of disposition. The gain on the disposition was entrusted to the Foundation for investment purposes in the interest of the CIUSSS ODIM and the Grace Dart Extended Care Centre. Funds can only be withdrawn under instruction from the CIUSSS ODIM and the Grace Dart Extended Care Centre and accompanied by resolutions from their board of directors.

All proceeds on these deposits are for the benefit of the CIUSSS ODIM. The Foundation does not collect any remuneration for these services.

Grace Dart Foundation

Schedule

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
<i>GENERAL AND ADMINISTRATIVE EXPENDITURES</i>		
Office general expenditures	18,134	11,397
Salaries and management fees	61,615	62,084
Marketing and website	45,245	25,325
Rental expense	43,965	45,600
Amortization of tangible capital assets	1,540	663
Other	770	1,576
	<u>171,269</u>	<u>146,645</u>