

**Grace Dart Foundation**  
**Financial Statements**  
**March 31, 2018**

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## Independent Auditor's Report

To the Directors of  
Grace Dart Foundation

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We have audited the accompanying financial statements of Grace Dart Foundation, which comprise the statement of financial position as at March 31, 2018 and the statements of revenue, expenditures and surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grace Dart Foundation as at March 31, 2018 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.

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
June 8, 2018

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<sup>1</sup> CPA auditor, CA public accountancy permit no. A117472

# Grace Dart Foundation

## Revenue, Expenditures and Surplus

Year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Revenue</b>		
Net investment income		
Interest	6,795	20,505
Dividends	380,067	332,349
Interest in net income of mutual funds and trust units	133,223	128,861
Net change in fair value of investments	<u>1,433,803</u>	<u>3,673,632</u>
	<u>1,953,888</u>	<u>4,155,347</u>
Donations		
Businesses	340	225
Individuals	13,623	13,620
Other – not-for-profit organizations	<u>10,205</u>	<u>12,806</u>
	<u>24,168</u>	<u>26,651</u>
	<u>1,978,056</u>	<u>4,181,998</u>
Expenditures		
Portfolio fees and charges	77,181	70,654
General and administrative (Schedule)	158,135	146,046
Fundraising expenses	840	1,078
Professional fees	<u>24,906</u>	<u>27,072</u>
	<u>261,062</u>	<u>244,850</u>
Excess of revenue over expenditures before distribution to CIUSSS ODIM – Grace Dart Extended Care Centre and stargifts	<u>1,716,994</u>	<u>3,937,148</u>
Distribution to CIUSSS ODIM – Grace Dart Extended Care Centre Stargifts	150,277	279,915
	<u>5,990</u>	<u>8,576</u>
	<u>156,267</u>	<u>288,491</u>
<b>Excess of revenue over expenditures</b>	<u>1,560,727</u>	<u>3,648,657</u>
Surplus, beginning of year	<u>30,583,155</u>	<u>26,934,498</u>
Surplus, end of year	<u>32,143,882</u>	<u>30,583,155</u>

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

## Grace Dart Foundation

### Cash Flows

Year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	1,560,727	3,648,657
Non-cash items		
Reinvested income from interest in net income of mutual funds and trust units	(133,223)	(128,861)
Net change in fair value of investments	(1,433,803)	(3,673,632)
Net change in working capital items	7,452	6,450
Cash flows from operating activities	<u>1,153</u>	<u>(147,386)</u>
<b>INVESTING ACTIVITIES</b>		
Marketable securities	(9,233,018)	(12,126,105)
Disposal of marketable securities	8,348,232	13,367,763
Net change in cash held for investments	<u>713,828</u>	<u>(715,370)</u>
Cash flows from investing activities	<u>(170,958)</u>	<u>526,288</u>
<b>FINANCING ACTIVITIES</b>		
Net change in due to CIUSSS ODIM – Grace Dart Extended Care Centre and cash flows from financing activities	<u>(61,741)</u>	<u>61,741</u>
<b>Net increase (decrease) in cash</b>	<b>(231,546)</b>	<b>440,643</b>
Cash (bank overdraft), beginning of year	<u>340,266</u>	<u>(100,377)</u>
Cash, end of year	<u><u>108,720</u></u>	<u><u>340,266</u></u>

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

# Grace Dart Foundation

## Financial Position

March 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>ASSETS</b>		
Current		
Cash	108,720	340,266
Accounts receivable (Note 3)	15,553	4,312
Prepaid expenses	128	128
	<u>124,401</u>	<u>344,706</u>
Long-term		
Marketable securities and cash held for investments (Note 4)	32,020,779	30,282,795
Advance to CIUSSS ODIM – Grace Dart Extended Care Centre	47,019	47,019
	<u>32,192,199</u>	<u>30,674,520</u>
<b>LIABILITIES</b>		
Current		
Trade payables and other operating liabilities	48,317	29,624
Due to CIUSSS ODIM – Grace Dart Extended Care Centre, without interest		61,741
	<u>48,317</u>	<u>91,365</u>
<b>SURPLUS</b>	<u>32,143,882</u>	<u>30,583,155</u>
	<u>32,192,199</u>	<u>30,674,520</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, 2018

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### **1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION**

The Foundation is incorporated under Part III of the Companies Act (Quebec) as a not-for-profit organization and is registered as a charitable organization 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 Grace Dart Extended Care Centre, an establishment of the Centre intégré universitaire de soins et de services sociaux de l'Ouest-de-l'Île-de-Montréal (CIUSSS ODIM), primarily to fund capital asset purchases not paid for by the Government of Quebec and other non-subsidized expenditures.

### **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 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 from transactions not concluded with related parties 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 and expenditures 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, and Canadian bankers' acceptances which the Foundation has elected to measure at fair value by designating that fair value measurement shall apply.

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

# Grace Dart Foundation

## Notes to Financial Statements

March 31, 2018

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### **2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Cash and cash equivalents**

The Foundation's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn, 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.

#### **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 net change in fair value of investments.

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

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

# Grace Dart Foundation

## Notes to Financial Statements

March 31, 2018

### 3 - ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
	\$	\$
Accrued interest receivable	1,860	
Portfolio fee rebate receivable	6,054	
Donations receivable	147	
Sales taxes receivable	7,492	4,312
	<u>15,553</u>	<u>4,312</u>

### 4 - MARKETABLE SECURITIES AND CASH HELD FOR INVESTMENTS

	<u>2018</u>	<u>2017</u>
	\$	\$
Shares of Canadian public companies (a)	10,886,909	10,858,824
Shares of American public companies (b)	3,064,085	2,704,893
Trust units	271,730	301,770
Mutual funds (c)	16,035,679	15,694,635
Canadian bankers' acceptances, 1.54%	1,753,532	
Cash held for investments	8,844	722,673
	<u>32,020,779</u>	<u>30,282,795</u>

- (a) Shares of Canadian public companies, 18% and 20% respectively (18% and 19% as at March 31, 2017), are held in the manufacturing and financial sectors.
- (b) Shares of American public companies, 68% and 23% respectively (63% and 28% as at March 31, 2017), are held in the technology and financial sectors.
- (c) Mutual funds, 58% and 22% respectively (52% and 24% as at March 31, 2017), are held in Canadian equities and American equities.

### 5 - ADVANCE TO CIUSSS ODIM – GRACE DART EXTENDED CARE CENTRE

The advance is without interest and is reimbursable at the sale or change of mission of either of the Centre's real estate properties. In 2015, the Foundation advanced \$47,019 to the Centre for professional fees incurred to determine the legal ownership and fair values of the Centre's real estate properties.

### 6 - 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.

# Grace Dart Foundation

## Notes to Financial Statements

March 31, 2018

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### **6 - FINANCIAL RISKS (Continued)**

#### *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, 2018, the Foundation is exposed to currency risk due to shares of American public companies denominated in U.S. dollars totalling \$3,064,085 (\$2,704,893 as at March 31, 2017).

Additionally, some mutual funds and some trust units also indirectly expose the Foundation to currency risk.

#### *Interest rate risk*

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

The Canadian bankers' acceptances bear interest at a fixed rate and the Foundation is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

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.

Additionally, some mutual funds and some trust units also indirectly expose the Foundation to other price risk.

### **7 - COMMITMENT**

The Foundation has a commitment towards CIUSSS ODIM – Grace Dart Extended Care Centre to distribute \$941,160 for various programs and projects which were approved during the year and in previous years. This amount is payable upon presentation of invoices and proof of disbursements. In May 2018, the Foundation received payment requests of \$163,432 relating to this commitment, including \$6,370 for stargifts. The payment requests are under review by the Foundation.

# Grace Dart Foundation

## Schedule

Year ended March 31, 2018

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	<u>2018</u>	<u>2017</u>
	\$	\$
<b><i>GENERAL AND ADMINISTRATIVE EXPENDITURES</i></b>		
Meetings, board and committees	<b>10,913</b>	11,160
Office general expenditures	<b>6,787</b>	4,364
Salaries and management fees	<b>111,442</b>	115,872
Marketing and Website	<b>3,513</b>	12,491
Strategic planning	<b>22,102</b>	
Other	<b>3,379</b>	2,159
	<u><b>158,136</b></u>	<u>146,046</u>