

**Sir Mortimer B. Davis Jewish
General Hospital Foundation**

**Financial Statements
March 31, 2019**

Sir Mortimer B. Davis Jewish General Hospital Foundation

Financial Statements
March 31, 2019

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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, 2019, and the statements of revenues 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, 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.

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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.

A handwritten signature in cursive script that reads "Richter LLP".

Montréal, Québec
September 27, 2019

Sir Mortimer B. Davis Jewish General Hospital Foundation

Statement of Financial Position As at March 31, 2019

	General Fund \$	Endowment Fund \$	Externally Restricted Fund \$	Total 2019 \$	Total 2018 \$
Assets					
Cash	31,293,410	-	-	31,293,410	28,039,534
Marketable securities, at quoted values (note 3)	206,244,523	-	-	206,244,523	178,384,908
Interest and sundry receivables	455,270	-	-	455,270	1,062,663
Interfund loans (note 4)	(173,769,610)	122,712,592	51,057,018	-	-
Pledges receivable	2,225,048	-	57,221,637	59,446,685	60,959,597
Property and equipment (note 5)	1,642,055	-	-	1,642,055	8,842,966
	68,090,696	122,712,592	108,278,655	299,081,943	277,289,668
Liabilities					
Accounts payable and accrued liabilities	890,316	-	-	890,316	479,060
Due to Hospital (note 4)	3,520,718	-	-	3,520,718	215,272
Deferred pledges and contributions (note 7)	19,295,650	-	45,587,252	64,882,902	63,787,655
Long-term debt (note 8)	-	-	-	-	5,119,237
Promissory note to Hospital (note 9)	4,420,119	-	-	4,420,119	3,130,918
	28,126,803	-	45,587,252	73,714,055	72,732,142
Commitments and contingencies (note 10)					
Fund balances					
Internally restricted (note 11)	39,963,893	-	-	39,963,893	38,225,123
Externally restricted	-	-	62,691,403	62,691,403	45,817,053
Endowments	-	122,712,592	-	122,712,592	120,515,350
	39,963,893	122,712,592	62,691,403	225,367,888	204,557,526
	68,090,696	122,712,592	108,278,655	299,081,943	277,289,668

See accompanying notes

Approved by,

Date

Date

Sir Mortimer B. Davis Jewish General Hospital Foundation

Statement of Changes in Fund Balances For the Year Ended March 31, 2019

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Externally Restricted Fund</u>		Total 2019 \$
	Internally restricted \$	Endowment \$	Restricted \$	Endowment \$	
Balance - beginning of year	38,225,123	35,056,871	45,817,053	85,458,479	204,557,526
Endowment fund transfer	-	85,458,479	-	(85,458,479)	-
Excess of revenues over expenses	2,784,171	2,197,242	15,828,949	-	20,810,362
Interfund transfers	(1,045,401)	-	1,045,401	-	-
Balance - end of year	39,963,893	122,712,592	62,691,403	-	225,367,888

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Capital Campaign Fund</u>		Total 2018 \$
	Internally restricted \$	Endowment \$	Restricted \$	Endowment \$	
Balance - beginning of year	32,306,071	32,904,139	37,074,120	76,292,013	178,576,343
Excess of revenues over expenses	2,718,207	2,138,680	12,018,668	9,105,628	25,981,183
Interfund transfers	3,200,845	14,052	(3,275,735)	60,838	-
Balance - end of year	38,225,123	35,056,871	45,817,053	85,458,479	204,557,526

See accompanying notes

Sir Mortimer B. Davis Jewish General Hospital Foundation

Statement of Revenues and Expenditures For the Year Ended March 31, 2019

	General Fund \$	Endowment Fund \$	Externally Restricted Fund \$	Total 2019 \$	Total 2018 \$
Revenues					
Donations and fundraising (note 12)					
Annual campaign and other donations	2,151,917	215,384	23,642,213	26,009,514	30,739,189
Designated for Hospital	1,021,815	-	-	1,021,815	1,277,783
Fundraising events	9,957,339	-	-	9,957,339	9,296,763
Surcharge fee	4,018,835	-	-	4,018,835	4,725,179
	17,149,906	215,384	23,642,213	41,007,503	46,038,914
Net transfers (to) from deferred contributions to (from) fundraising events (note 7)	(1,366,264)	-	-	(1,366,264)	926,636
Net transfers to deferred contributions from capital campaign	-	-	(2,385,744)	(2,385,744)	-
Total revenues from donations and fundraising	15,783,642	215,384	21,256,469	37,255,495	46,965,550
Other revenue					
Usufruct income from Hospital	122,000	-	-	122,000	366,000
Gain on sale of property	212,304	-	-	212,304	-
Total revenues	16,117,946	215,384	21,256,469	37,589,799	47,331,550
Expenses					
Fundraising events	4,259,327	-	-	4,259,327	4,471,017
Campaign and sundry	1,494,218	-	127,344	1,621,562	1,199,937
Foundation administrative expenses	2,987,641	-	42,236	3,029,877	2,793,006
Investment management fees	36,410	30,913	84,926	152,249	212,918
Interest on long-term debt	62,633	-	-	62,633	182,564
Amortization	131,131	-	-	131,131	226,794
	8,971,360	30,913	254,506	9,256,779	9,086,236
Excess of revenues over expenses before investment returns and allocations	7,146,586	184,471	21,001,963	28,333,020	38,245,314
Investment returns					
Dividend, interest and gains on sale of marketable securities	2,853,705	1,424,782	3,505,113	7,783,600	6,473,524
Change in fair value of marketable securities	930,091	977,985	1,775,631	3,683,707	8,202,545
	3,783,796	2,402,767	5,280,744	11,467,307	14,676,069
Excess of revenues over expenses before allocations	10,930,382	2,587,238	26,282,707	39,800,327	52,921,383

Sir Mortimer B. Davis Jewish General Hospital Foundation

Statement of Revenues and Expenditures For the Year Ended March 31, 2019

	General Fund	Endowment Fund \$	Externally Restricted Fund \$	Total 2019 \$	Total 2018 \$
Allocations to the Sir Mortimer B. Davis Jewish General Hospital and other establishments					
Research and academic enhancement	2,265,776	-	-	2,265,776	4,454,320
Capital projects and equipment	1,190,456	-	2,525,280	3,715,736	9,164,475
Designated for Hospital	2,565,421	-	4,739,419	7,304,840	6,816,157
Endowment allocations	-	389,996	1,811,734	2,201,730	2,961,986
Allocations to other establishments	835,357	-	320,493	1,155,850	987,571
Allocation to Hospital for building projects	-	-	1,056,832	1,056,832	1,266,490
Allocation for research projects	1,289,201	-	-	1,289,201	1,289,201
	8,146,211	389,996	10,453,758	18,989,965	26,940,200
Excess of revenues over expenses and allocations	2,784,171	2,197,242	15,828,949	20,810,362	25,981,183

See accompanying notes

Sir Mortimer B. Davis Jewish General Hospital Foundation

Statement of Cash Flows For the Year Ended March 31, 2019

	2019 \$	2018 \$
Operating activities		
Excess of revenues over expenses and allocations	20,810,362	25,981,183
Amortization	131,131	226,794
Allocation for research projects	1,289,201	1,289,201
Increase in fair value of marketable securities	(3,683,707)	(8,202,545)
Gain on sale of property	(212,304)	-
Decrease (increase) in -		
Interest and sundry receivables	607,393	243
Pledges receivable	1,512,912	9,392,003
Due to Hospital	3,305,446	(574,633)
Increase (decrease) in -		
Accounts payable and accrued liabilities	411,256	280,504
Deferred pledges and contributions	1,095,247	(9,238,640)
	25,266,937	19,154,110
Investing activities		
Proceeds on disposition of marketable securities	269,522,226	55,856,033
Purchase of marketable securities	(293,698,134)	(61,461,546)
Additions to property and equipment	-	(54,785)
Proceeds on disposition of property	7,282,084	-
	(16,893,824)	(5,660,298)
Financing activity		
Repayments of long-term debt	(5,119,237)	(177,885)
Increase in cash	3,253,876	13,315,927
Cash - beginning of year	28,039,534	14,723,607
Cash - end of year	31,293,410	28,039,534

See accompanying notes

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements

March 31, 2019

1. Purpose of the Organization

The principal activity of the Foundation 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 Foundation is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

The Foundation has elected to apply Canadian accounting standards for not-for-profit organizations (ASNFPFO) in Part III of the CPA Canada Handbook - Accounting.

The Foundation also applies Canadian standards for private enterprises to the extent that these standards address topics not addressed in Canadian accounting standards for not-for-profit organizations.

Fund accounting

The General Fund reports on revenues and expenses related to annual donations and fundraising activities which subsidizes research, teaching, medical technology and related expenditures.

In 2019, the Foundation changed the Capital Campaign Fund to Externally Restricted Fund. Endowments in the Capital Campaign Fund have been transferred to the Endowment Fund.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund or the General Fund depending on the nature of any restrictions imposed by contributors of these funds.

The Externally Restricted Fund reports on contributions which generally are pledged and subsequently paid over five years. Such contributions are being raised to enhance the capital of the Foundation or for specific projects of the Hospital.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions of the General Fund are recognized as revenue in the year in which the related expenses are incurred and are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue, when received, in the Endowment Fund.

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements March 31, 2019

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Externally restricted contributions from significant events are recorded when received or pledged. Such contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Surcharge fees generally comprise a 10% administration charge and a 10% allocation to fund innovative projects of the Hospital and are recognized on all gifts and donations when received in the year.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Amortization

Amortization for the buildings is calculated on their respective estimated useful life using the straight-line method over a period of 20 - 35 years.

Long-lived asset

When a long-lived asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenues and expenditures. A write-down should not be subsequently reversed.

Derivative financial instruments

The Foundation has limited involvement with derivative financial instruments which are utilized to reduce the risks associated with changes in foreign currency exchange rates. The Foundation does not hold financial instruments for trading purposes. The Foundation does not qualify for hedge accounting and therefore is measuring its foreign currency exchange contracts at fair value.

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements March 31, 2019

2. Summary of significant accounting policies (continued)

Foreign currency translation

Accounts in foreign currency have been translated into Canadian dollars as follows:

- Monetary items - at exchange rates in effect at the balance sheet date;
- Non-monetary items - at exchange rates in effect on the dates of the transactions; and
- Revenue and expenses - at average exchange rates prevailing during the year.

Gains and losses arising from foreign currency translation are included in excess of revenues over expenses and allocations.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. In addition, the Foundation has elected to designate all fixed income securities to be measured at fair value. Changes in fair value are recognized in the statement of revenues and expenditures.

Financial assets measured at amortized cost include cash, interest and sundry receivables and pledges receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Hospital, long-term debt and promissory note to Hospital.

The Foundation's financial assets measured at fair value include marketable securities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of possible impairment. The Foundation determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in the statement of revenues and expenditures. Any previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenues and expenditures.

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements March 31, 2019

2. Summary of significant accounting policies (continued)

Transaction costs

The Foundation recognizes its transaction costs in the statement of revenues and expenditures in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in the statement of revenues and expenditures using the straight-line method.

3. Marketable securities

	2019 \$	2018 \$
Equities	148,720,868	131,364,044
Fixed income securities	57,523,655	47,020,864
	206,244,523	178,384,908

Marketable securities are carried in the accounts at their quoted values and any change in fair value is recorded in the statement of revenues and expenditures.

Included in marketable securities is the fair value of the derivative financial instruments (note 10).

4. Interfund loans and due to Hospital

Interfund loans and amounts due to Hospital are non-interest bearing and have no specific terms of repayment.

5. Property and equipment

	Cost \$	Accumulated amortization \$	2019 Net carrying amount \$	2018 Net carrying amount \$
Land	56,400	-	56,400	3,302,487
Buildings	2,740,560	1,154,905	1,585,655	5,540,479
	2,796,960	1,154,905	1,642,055	8,842,966

6. Credit facility

The Foundation's credit facility provides for a \$5,000,000 line of credit with borrowings thereunder bearing interest at bank prime rate per annum. As at March 31, 2019, there was no bank indebtedness outstanding (2018 - \$Nil).

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements March 31, 2019

7. Deferred pledges and contributions

	Deferred pledges \$	Deferred contributions \$	2019 Total \$	2018 Total \$
Balance - beginning of year	47,022,936	16,764,719	63,787,655	73,026,295
Recognized this year	(24,619,578)	(4,532,204)	(29,151,782)	(34,933,022)
Amounts received or receivable for future periods	25,408,942	4,838,087	30,247,029	25,694,382
Balance - end of year	47,812,300	17,070,602	64,882,902	63,787,655

The net transfers from deferred contributions to fundraising events consists of the following:

	2019 \$	2018 \$
Transfers from deferred contributions to fundraising events relating to expenditures incurred in the year	3,968,005	4,621,510
Transfers to deferred contributions from fundraising events in the current year	(5,334,269)	(3,694,874)
	(1,366,264)	926,636

8. Long-term debt

	2019 \$	2018 \$
Long-term debt, bearing interest at 3.50% per annum, was fully repaid during the year	-	5,119,237

9. Promissory note - Sir Mortimer B. Davis Jewish General Hospital

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

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements March 31, 2019

10. Commitments and contingencies

Investment purchase commitments

The Foundation, via its long-term investment pool, has entered into agreements to purchase various equity investments for a total commitment of approximately \$90,400,000 of which approximately \$65,300,000 has been purchased as at March 31, 2019.

Pavilion K project of Sir Mortimer B. Davis Jewish General Hospital

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 Pavilion K project. The balance of the debt related to the parking structure amounted to approximately \$19.8 million as at March 31, 2019 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. Should such revenue not be sufficient, the Foundation will be liable, on an annual basis, to fund the shortfall. To date, there has been no annual shortfall and no funding has been provided by the Foundation in this regard.

Sir Mortimer B. Davis Jewish General Hospital

The Foundation has made a commitment to provide approximately \$3,100,000, in fiscal 2020, of funding to the Sir Mortimer B. Davis Jewish General Hospital to be applied towards supplementary activities ("activités accessoires").

Rossy Cancer Network

The Foundation has made a commitment to the Rossy Cancer Network for an amount of \$7,200,000 in 2014 to establish a cancer network and improve the identification of cancer indicators and quality of cancer care.

The remaining committed payments are due approximately as follows:

	\$
2020	545,000
2021	545,000
2022	545,000
2023	545,000
Thereafter	2,266,000

Foreign exchange contracts

As at March 31, 2019, the Foundation has a contractual obligation through forward exchange contracts to sell a fixed amount of U.S.\$62,080,294 for CDN\$77,846,704 maturing on April 4, 2019 and July 2, 2019 and to sell a fixed amount of CDN\$57,655,518 for U.S.\$43,383,953 maturing on April 4, 2019. As explained in note 2, the Foundation accounts for these financial instruments as non-hedging derivative financial instruments. The Foundation's derivatives dealer established the forward exchange contracts' fair value at a gain of approximately \$1,349,000.

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements March 31, 2019

11. Internally restricted net assets

As at March 31, 2019, the Foundation's board of directors has internally restricted capital of \$39,963,893 in aggregate which consists of \$38,321,838 of the General Fund which consists of estates, bequests and other capital amounts and the remaining internally restricted capital of the General Fund Capital of \$1,642,055 relates to property and equipment.

12. Donations

Donations, excluding fundraising and events, recorded during the years ended March 31, 2019 and 2018 were from the following categories of donors:

	2019 \$	2018 \$
Foundations and not-for-profit organizations	13,055,513	13,192,221
Individuals	11,023,247	17,977,432
Corporations	6,971,404	5,572,498
	31,050,164	36,742,151

13. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the financial position date.

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.

Some assets are exposed to foreign exchange fluctuations. As at March 31, 2019, assets in foreign exchange are the following:

	2019		2018	
	Canadian dollars \$	Foreign currency	Canadian dollars \$	Foreign currency
Cash (U.S.\$)	191,000	143,000	229,000	177,000
Marketable securities (U.S.\$)	49,771,000	37,245,000	129,716,000	100,602,000
Marketable securities (Euro)	613,000	409,000	725,000	457,000

The Foundation's activities involve investments denominated in foreign currencies. These activities result in exposure to fluctuations in foreign currency rates. The Foundation enters into foreign exchange contracts to mitigate the risk.

Sir Mortimer B. Davis Jewish General Hospital Foundation

Notes to Financial Statements

March 31, 2019

13. Financial instruments (continued)

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 market interest rates.

The Foundation is exposed to reductions in interest rates, which could adversely impact expected returns from the Foundation's reinvestment of funds in marketable securities upon maturity of such instruments. The Foundation is also exposed to interest rate price risk with respect to its long-term debt which bears a fixed rate of interest.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Foundation is exposed to credit risk only with respect to uncertainty as to timing and amount of collectibility of sundry receivables and pledges receivable. Historically, the Foundation collects virtually all of its pledges receivable.

Market risk

Market risk, which includes other price risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's investments in publicly traded securities expose the Foundation to market risk as such investments are subject to price changes in the open market. The Foundation mitigates the risk by regularly rebalancing its portfolio to ensure proper diversification.

Price risk

The Foundation is exposed to securities price risk because of investments held by the Foundation. To manage its price risk arising from investments in securities, the Foundation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Foundation.

Liquidity risk

Liquidity risk is the risk that the Foundation will have difficulty in meeting obligations associated with financial liabilities. Prudent management of liquidity risk implies retaining a sufficient level of liquidity and arranging for appropriate credit facilities and being able to liquidate market positions. The Foundation believes that its recurring financial resources are adequate to cover all its expenditures.