

# **Health Sciences North Foundation**

Financial Statements

Year ended March 31, 2019

## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of  
**Health Sciences North Foundation**

### *Qualified Opinion*

We have audited the financial statements of **Health Sciences North Foundation**, which comprise the statement of financial position as at **March 31, 2019**, and the statements of operations, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Health Sciences North 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 Qualified Opinion*

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion pertaining to the Foundation's financial statements as at and for the year ended March 31, 2018, presented as comparative figures in the accompanying financial statements, included a qualified opinion for the same matter occurring in that year.

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 qualified 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.

## **INDEPENDENT AUDITOR'S REPORT, continued**

### *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.

**INDEPENDENT AUDITOR'S REPORT, continued**

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.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
June 26, 2019

**Health Sciences North Foundation**  
**Statement of Financial Position**  
**March 31, 2019 with comparative figures for 2018**

<b>Assets</b>		<b>Unrestricted</b>	<b>Internally Restricted</b>	<b>Externally Restricted</b>	<b>Endowment Fund</b>	<b>2019</b>	<b>2018</b>
<b>Current</b>							
Cash and cash equivalents	\$	1,956,597	\$	-	\$	2,058,338	\$ 2,962,705
Short-term investments (note 3 (a))		766,381	-	-	-	766,381	137,950
Accounts receivable		18,335	-	-	-	18,335	38,269
Prepaid expenses		8,692	-	-	-	8,692	19,123
<b>Interfund balances</b>		2,750,005	-	94,297	7,444	2,851,746	3,158,047
		(2,858,664)	-	2,857,263	1,401	-	-
<b>Long-term investments (note 3(b))</b>		6,829,701	-	390,550	63,313	7,283,564	7,388,955
<b>Cash surrender value of life insurance</b>		27,160	-	213,471	-	240,631	224,569
<b>Capital assets (note 4)</b>		-	4,373	-	-	4,373	6,408
	\$	6,748,202	\$ 4,373	\$ 3,555,581	\$ 72,158	\$ 10,380,314	\$ 10,777,979
<b>Liabilities and Fund Balances</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	\$	61,036	\$	-	\$	61,036	\$ 27,934
Due to Health Sciences North		92,330	-	-	-	92,330	611,548
Deferred revenue		-	-	-	-	-	24,625
		153,366	-	-	-	153,366	664,107
<b>Fund Balances</b>							
Unrestricted fund		6,594,836	-	-	-	6,594,836	6,629,216
Internally restricted fund (note 5 (a))		-	4,373	-	-	4,373	368,581
Externally restricted fund (note 5 (b))		-	-	3,555,581	-	3,555,581	3,047,991
Endowment fund (note 6)		-	-	-	72,158	72,158	68,084
		6,594,836	4,373	3,555,581	72,158	10,226,948	10,113,872
	\$	6,748,202	\$ 4,373	\$ 3,555,581	\$ 72,158	\$ 10,380,314	\$ 10,777,979

Approved on behalf of the Board of Directors:

Director \_\_\_\_\_ Director \_\_\_\_\_

See accompanying notes to the financial statements

**Health Sciences North Foundation**  
**Statement of Operations**  
**Year ended March 31, 2019 with comparative figures for 2018**

	Unrestricted	Internally Restricted	Externally Restricted	Endowment Fund	2019	2018
<b>Revenues</b>						
General contributions - other	\$ 143,955	\$ -	\$ 5,458,262	\$ -	\$ 5,602,217	\$ 711,238
General contributions - City of Greater Sudbury	699,134	-	-	-	699,134	699,134
Interest and dividends	362,736	-	18,725	2,366	383,827	330,045
Fund-raising programs - other	21,685	-	105,917	-	127,602	296,967
Fund-raising programs - Nevada	119,259	-	-	-	119,259	142,847
Realized (losses) gains on disposal of investments	(118,077)	-	(30,068)	229	(147,916)	38,645
Other revenue	30,768	-	15,381	-	46,149	35,705
In memoriams	16,876	-	-	-	16,876	19,322
Unrealized gains (losses) on investments	(62,055)	-	9,848	1,479	(50,728)	1,553
	1,214,281	-	5,578,065	4,074	6,796,420	2,275,456
<b>Expenses</b>						
Salaries and benefits	383,098	-	-	-	383,098	384,245
Materials and services	149,918	-	11,797	-	161,715	141,694
Fund-raising programs - Nevada	72,796	-	-	-	72,796	78,233
Fund-raising programs - other	31,454	-	37,485	-	68,939	91,456
Purchased services	10,406	-	-	-	10,406	17,660
Amortization	-	2,036	-	-	2,036	1,783
	647,672	2,036	49,282	-	698,990	715,071
<b>Excess (deficiency) of revenues over expenses before gifts</b>	566,609	(2,036)	5,528,783	4,074	6,097,430	1,560,385
Gifts to Health Sciences North	(723,509)	(362,172)	(4,898,673)	-	(5,984,354)	(1,213,808)
<b>Excess (deficiency) of revenues over expenses</b>	\$ (156,900)	\$ (364,208)	\$ 630,110	\$ 4,074	\$ 113,076	\$ 346,577

**Health Sciences North Foundation**  
**Statement of Changes in Fund Balances**  
**Year ended March 31, 2019 with comparative figures for 2018**

	Unrestricted	Internally Restricted	Externally Restricted	Endowment Fund	2019	2018
<b>Fund balance, beginning of year</b>	\$ 6,629,216	\$ 368,581	\$ 3,047,991	\$ 68,084	\$ 10,113,872	\$ 9,767,295
Interfund transfers (note 8):						
Transfers to (from) restricted funds	117,869	-	(117,869)	-	-	-
Administration fee - Voices for Women	4,651	-	(4,651)	-	-	-
Excess (deficiency) of revenues over expenses	(156,900)	(364,208)	630,110	4,074	113,076	346,577
<b>Fund balance, end of year</b>	<b>\$ 6,594,836</b>	<b>\$ 4,373</b>	<b>\$ 3,555,581</b>	<b>\$ 72,158</b>	<b>\$ 10,226,948</b>	<b>\$ 10,113,872</b>

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**Health Sciences North Foundation****Statement of Cash Flows****Year ended March 31, 2019 with comparative figures for 2018**

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	<b>Total 2019</b>	<b>Total 2018</b>
<b>Cash flows from operating activities</b>		
Cash provided by (used for)		
Excess of revenues over expenses	\$ 113,076	\$ 346,577
Items not involving cash		
Amortization	2,036	1,783
Realized (gains) losses on disposal of investments	147,916	(38,645)
Unrealized (gains) losses on investments	50,728	(1,553)
Accrued interest	(5,841)	(7,118)
Donations in-kind	-	(1,936)
Change in cash surrender value of life insurance	(16,062)	(14,658)
	291,853	284,450
Net change in operational working capital		
Accounts receivable	19,934	14,948
Prepaid expenses	10,431	(1,191)
Accounts payable and accrued liabilities	33,103	(1,450)
Due to Health Sciences North	(519,218)	170,974
Deferred revenue	(24,625)	17,625
	(188,522)	485,356
<b>Cash flows from investing activities</b>		
Sale of investments	6,003,391	2,445,091
Purchase of investments	(6,719,236)	(5,088,253)
Purchase of capital assets	-	(2,525)
	(715,845)	(2,645,687)
<b>Net decrease in cash and cash equivalents</b>	(904,367)	(2,160,331)
<b>Cash and cash equivalents, beginning of year</b>	2,962,705	5,123,036
<b>Cash and cash equivalents, end of year</b>	\$ 2,058,338	\$ 2,962,705

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## **Health Sciences North Foundation**

### **Notes to Financial Statements**

**Year ended March 31, 2019**

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#### **1. Status and Purpose of the Foundation**

These financial statements reflect the financial position, operating results, changes in fund balances and cash flows of the Health Sciences North Foundation (the "Foundation"). The Foundation is a registered charity incorporated without share capital under the laws of the province of Ontario and is exempt from income tax under the Income Tax Act (Canada) (the "Act"). The Foundation is responsible for collecting, accumulating and distributing funds and income derived from those funds for the benefit of Health Sciences North and any other charitable organizations that provides health care services in the City of Greater Sudbury and its outlying areas.

#### **2. Summary of significant accounting policies**

##### **a) Basis of presentation**

The financial statements of the Foundation are prepared in accordance with Canadian accounting standards for not-for-profits organizations (ASNFPO) and include the significant accounting policies summarized below:

##### **b) Fund balances**

The Unrestricted Fund reflects the Foundation's program delivery service and administrative activities as well as fundraising, investing and granting activities that are of an unrestricted nature and are available for immediate use.

The Internally Restricted Fund reports the assets, liabilities, revenues and expenses related to the operation and upkeep of the Foundation's capital assets as well as funds relating to the Medical Learners Program.

The Externally Restricted Fund reports the assets, liabilities, revenues and expenses of resources that have been requested to be used for specific purposes by donors.

The Endowment Fund reports resources where internal and external restrictions require that the principal must be permanently maintained.

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## **Health Sciences North Foundation**

### **Notes to Financial Statements**

**Year ended March 31, 2019**

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## **2. Summary of significant accounting policies (continued)**

### **c) Financial instruments**

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures 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. Changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash and cash equivalents, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and amounts due to Health Sciences North.

Financial assets measured at fair value include short-term and long-term investments and cash surrender value of life insurance.

### **d) Revenue recognition**

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the unrestricted fund. Donor restricted contributions are recognized as revenue in their respective restricted fund, unless the principal is to be maintained, in which case these contributions are recognized as revenue in the Endowment Fund. Revenues received in advance for which no restricted fund exists are recorded as deferred revenue in the Unrestricted Fund until the related expenses are incurred.

Investment income includes dividend and interest income, unrealized and realized gains or losses and investment management fees and investment related expenses. Unrealized gains or losses are recognized in the period in which they occur and are recognized in the statement of operations.

### **e) Contributed services**

Volunteers contribute numerous hours to the Foundation throughout the year to aid in its delivery of services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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## Health Sciences North Foundation

### Notes to Financial Statements

Year ended March 31, 2019

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#### 2. Summary of significant accounting policies (continued)

##### f) Cash and cash equivalents

Cash and cash equivalents consists of cash and highly liquid investments which are readily converted into cash.

##### g) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. The Foundation provides for amortization using the straight-line method over their estimated useful lives of 5 years. Additions are amortized at one-half of the annual rate in the year of acquisition. No amortization is recorded in the year of disposal.

##### h) Government assistance

Government and other grants relating to operations are accounted for as revenue when earned.

##### i) Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that may affect the amounts of assets and liabilities reported at the date of the financial statements and the amounts of revenues and expenses throughout the year. Actual amounts could differ from those estimates.

#### 3. Investments

##### a) Short-term investments

Short-term investments consist of the following balances:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Short-term investment fund	\$ 766,688	\$ 766,381	\$ -	\$ -
Corporate bonds	-	-	166,380	137,590
	\$ 766,688	\$ 766,381	\$ 166,380	\$ 137,590

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**Health Sciences North Foundation****Notes to Financial Statements****Year ended March 31, 2019**

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**3. Investments (continued)****b) Long-term investments**

Long-term investments consist of the following balances:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Corporate preferred shares	\$ 1,650,401	\$ 1,353,088	\$ 2,806,049	\$ 2,532,129
Corporate bonds and bond funds	2,870,383	2,887,770	2,044,050	2,027,199
Equity and equity funds	2,990,380	3,042,706	2,801,457	2,829,627
	\$ 7,511,164	\$ 7,283,564	\$ 7,651,556	\$ 7,388,955

Accumulated unrealized losses on all investments at year-end amounted to \$227,600 (2018 - \$291,391).

**4. Capital Assets**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Office and computer equipment	\$ 56,069	\$ 51,696	\$ 4,373	\$ 6,408
Signs	9,941	9,941	-	-
	\$ 66,010	\$ 61,637	\$ 4,373	\$ 6,408

Cost and accumulated amortization for March 31, 2018 were \$66,010 and \$59,602 respectively.

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## Health Sciences North Foundation

### Notes to Financial Statements

Year ended March 31, 2019

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#### 5. Internally and Externally Restricted Net Assets

##### a) Internally Restricted Net Assets

	2019	2018
Capital Assets	\$ 4,373	\$ 6,409
Medical Learners Program	-	362,172
	<u>\$ 4,373</u>	<u>\$ 368,581</u>

##### b) Externally Restricted Net Assets

	2019	2018
Medical and academic affairs	\$ 1,678,375	\$ 702,091
Medical imaging	755,932	171,648
VOICES for Women (note 9)	380,920	716,080
Mental health and addictions program	252,079	179,920
NEO Kids & Family programming	240,303	1,055,313
Community care and rehab program	86,162	75,975
Heart and Soul	51,540	51,540
Medicine program	33,377	12,279
Operation Health – Emerging Priorities program	32,898	38,748
Nicholas Dellelce Bursary	23,740	23,740
Rick Griffin Transplant Assistance fund	13,144	13,546
Laboratory & Pathology program	3,051	3,051
Pharmacy	3,000	3,000
Peter Crossgrove Fund	450	450
Ethics/Spiritual & Religious Care program	410	410
People Relations & Safety	200	200
	<u>\$ 3,555,581</u>	<u>\$ 3,047,991</u>

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## **Health Sciences North Foundation**

### **Notes to Financial Statements**

**Year ended March 31, 2019**

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#### **6. Joe Drago Endowment Fund**

The Foundation created the Joe Drago Endowment Fund in order to honour its founding chairman and life member, Joe Drago. Mr. Drago's personal commitment to healthcare in Northeastern Ontario spans over 30 years. In his honour, the Joe Drago Endowment Fund will be designated for the purchase of cardiac (heart) equipment for Health Sciences North.

Contributions received by the Foundation from donors are added to the principal of the endowment and preserved. Net investment returns will be used for the intended purpose of the fund.

#### **7. Commitments**

During the year, the Foundation made donations to Health Sciences North which included the balance of the \$5.4 million commitment made to the building of the Learners' Centre.

The Board of Directors has set the priority of the Foundation for the future to be raising funds for the purchase of two new MRI units for Health Sciences North.

#### **8. Interfund Transfers**

During the year, the Board of Directors approved interfund transfers in order to fund short falls in various restricted funds in accordance with the Foundations mandate and objectives:

- \$117,869 was transferred from the unrestricted fund to the externally restricted fund to fund various shortfalls and meet commitments within that fund.
- \$4,651 was charged to the externally restricted fund VOICES for Women: Sudbury Sexual Assault Centre as an administration fee in accordance with the agreement established upon receipt of the funds, as discussed in note 9.

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**Health Sciences North Foundation**  
**Notes to Financial Statements**  
**Year ended March 31, 2019**

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**9. VOICES for Women**

The Foundation manages a fund which has been restricted for the use of the Family and Child Program: VOICES for Women: Sudbury Sexual Assault Centre. The funds are invested separately from the general portfolio of the Foundation. The Foundation may charge an administration fee of 1% of the account balances on an annual basis. During the year, the Foundation charged the program a fee of \$4,651 (2018 – \$7,409).

**10. Healthcare of Ontario Pension Plan**

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the “Plan”), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management’s best estimates, in consultation with its actuaries, of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees’ contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan indicates the Plan is fully funded.

Contributions to the Plan made during the year by the Foundation on behalf of its employees amounted to \$25,201 (2018 – \$26,819) and are included in the statement of operations.

At December 31, 2018, the HOOPP pension plan had total assets of \$172.9 billion (2017 – \$178.7 billion) and an accumulated surplus of \$13.9 billion (2017 - \$18.2 billion).

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## Health Sciences North Foundation

### Notes to Financial Statements

Year ended March 31, 2019

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#### 11. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The Foundation is exposed to the following financial risks associated with financial instruments and transactions it is a party to:

##### a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Foundation is exposed to this risk relating to its cash and cash equivalents, accounts receivable, short-term and long-term investments, and cash surrender value of life insurance.

The Foundation holds its cash and cash equivalents, short-term and long-term investments with large reputable financial institutions with high credit ratings in order to minimize risk.

The Foundation is exposed to credit risk in accounts receivable which is mainly comprised of receivables from governments and government funded organizations. The Foundation minimizes this risk through management's ongoing analysis and monitoring of amounts due to the Foundation, and measures its exposure based on how long amounts have been outstanding.

The Foundation is exposed to credit risk through its investments. The Foundation has developed policies which limit exposure from any one asset, invest through a national institution and regularly monitor investment performance.

There have been no significant changes from the previous year in the exposure to this risk.

##### b) Liquidity risk

Liquidity risk is the risk that an organization cannot repay its obligations when they become due to its creditors. The Foundation is exposed to this risk relating to its accounts payable and accrued liabilities and amounts due to Health Sciences North. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of working capital to repay creditors as and when required. There have been no significant changes from the previous year in the exposure to this risk.



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## **Health Sciences North Foundation**

### **Notes to Financial Statements**

**Year ended March 31, 2019**

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#### **11. Financial Instruments (continued)**

##### **c) Interest rate risk**

Interest rate risk arises from the possibility that changes in market interest rates will affect the market value or future cash flows of financial instruments. The Foundation is exposed to interest rate risk through its interest-bearing investments. The Foundation manages interest rate risks in its bond portfolio by investing in pooled bond funds which seek to diversify the maturity and concentration of fixed income investments within the fund.

The Foundation also holds a number of preferred share investments with contractual dividend rate reset dates that are dependent upon fluctuations in market interest rates. In the event that market interest rates decline relative to the rate in effect at the date of issuance of the preferred shares, it could have a negative impact on the market value of these investments which could have a material impact on the overall return of the investment portfolio of the Foundation. Market interest rates have contributed to an unrealized loss on the preferred share portfolio amounting to \$297,313 (2018 - \$273,920) in aggregate at year-end. The Foundation is monitoring these holdings and taking appropriate action when deemed necessary.

##### **d) Market risk**

Market risk is the risk that the fair value of an investment or future cash flows will be impacted by changes in market factors. These factors can be caused by changes in an underlying investment or factors affecting the market as a whole. These factors can include interest rate risk, currency risk, financial risk and other price risks.

During the year, the Foundation continued to manage and control its exposure to market risk within its set policy parameters while maximizing the portfolio returns.

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**Health Sciences North Foundation**  
**Notes to Financial Statements**  
**Year ended March 31, 2019**

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**11. Financial Instruments (continued)****e) Concentration risk**

Concentration risk is a risk that arises as a result of a concentration of exposure within the same category, whether it is determined on a geographical basis, an industry or sector, or a type of investment. The Foundation is exposed to concentration risk through its investments.

The Foundation is exposed to concentration risk based on the types of assets it is invested in. Each type of asset faces different types and levels of risk. The concentration of portfolio investments is as follows:

	2019 %	2018 %
Preferred shares	16.60	30.64
Fixed income bond securities & bond funds	35.44	24.38
Equities and equity funds– Canadian	17.42	14.58
Equities – United States	13.33	12.86
Cash and cash equivalents	10.62	10.76
Equities – International	6.59	6.78
	100.0	100.0

The Foundation maintains a risk tolerance policy for investments which determines the objectives and policies the Foundation follows while investing funds. This policy defines the type and concentration of assets the Foundation can invest in as well as sets benchmarks for performance management.