

Financial Statements of

**JIM PATTISON CHILDREN'S
HOSPITAL FOUNDATION INC.**

And Independent Auditor's Report thereon

Year ended July 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Board of the Jim Pattison Children's Hospital Foundation Inc.:

Opinion

We have audited the financial statements of Jim Pattison Children's Hospital Foundation Inc. (the Entity), which comprise:

- the statement of financial position as at July 31, 2023
- the statement of operations for the year then ended
- the statement of fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at July 31, 2023, and its results of 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 auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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 black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Saskatoon, Canada
November 8, 2023

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Statement of Financial Position

July 31, 2023, with comparative information for 2022


	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,736,657	\$ 3,798,199
Accounts receivable	156,434	169,542
Investments (note 5)	26,349,212	22,890,780
Gift shop inventory	63,988	55,857
Prepaid expenses	47,445	42,847
	<u>28,353,736</u>	<u>26,957,225</u>
Capital assets (note 4)	9,885	8,740
Investments (note 5)	57,329,223	49,519,043
	<u>\$ 85,692,844</u>	<u>\$ 76,485,008</u>

Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 1,570,428	\$ 581,132
Deferred revenue	593,687	203,799
	<u>2,164,115</u>	<u>784,931</u>
Fund balances:		
General	21,057,872	13,336,357
Designated funds (note 7)	51,732,591	52,317,705
Endowment funds (note 8)	10,738,266	10,046,015
	<u>83,528,729</u>	<u>75,700,077</u>
Commitments (note 11)		
	<u>\$ 85,692,844</u>	<u>\$ 76,485,008</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Statement of Operations

Year ended July 31, 2023, with comparative information for 2022

	General	Designated (note 7)	2023 Total	2022 Total
Revenue:				
Fundraising (note 12)	\$ 6,286,775	\$ 752,861	\$ 7,039,636	\$ 5,228,513
Donations	2,979,605	1,636,886	4,616,491	7,797,464
Unrealized gain on investments	77,025	160,612	237,637	(1,421,087)
Investment income	2,674,841	1,209,334	3,884,175	2,103,288
	12,018,246	3,759,693	15,777,939	13,708,178
Expenses:				
Fundraising (note 9 and 12)	1,093,224	777,244	1,870,468	1,613,707
Administration	502,438	-	502,438	524,377
Salaries and employee benefits	419,147	-	419,147	332,698
Professional fees	32,792	-	32,792	28,641
Gift shop - expenses	191,327	-	191,327	140,839
Amortization	7,819	-	7,819	6,815
	2,246,747	777,244	3,023,991	2,647,077
Excess of revenue over expenses before undernoted	9,771,499	2,982,449	12,753,948	11,061,101
Contributions made	1,257,733	3,667,563	4,925,296	2,481,908
Excess (deficiency) of revenue over expenses	\$ 8,513,766	\$ (685,114)	\$ 7,828,652	\$ 8,579,193

See accompanying notes to financial statements.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Statement of Fund Balances

Year ended July 31, 2023, with comparative information for 2022

	General	Designated (note 7)	Endowment (note 8)	2023	2022
Fund balances, beginning of year	\$ 13,336,357	\$ 52,317,705	\$ 10,046,015	\$ 75,700,077	\$ 67,120,884
Excess (deficiency) of revenue over expenses	8,513,766	(685,114)	-	7,828,652	8,579,193
Interfund transfers (note 7 and 8)	(792,251)	100,000	692,251	-	-
Fund balances, end of year	\$ 21,057,872	\$ 51,732,591	\$ 10,738,266	\$ 83,528,729	\$ 75,700,077

See accompanying notes to financial statements.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Statement of Cash Flows

Year ended July 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 7,828,652	\$ 8,579,193
Item not involving cash:		
Amortization	7,819	6,815
Unrealized gain (loss) on investments	(237,637)	1,421,087
Interest income reinvested	(3,430,361)	(2,072,175)
Change in non-cash operating working capital:		
Accounts receivable	13,108	51,819
Gift shop inventory	(8,131)	(1,872)
Prepaid expenses	(4,598)	1,460
Accounts payable and accrued liabilities	989,296	(81,890)
Deferred revenue	389,888	9,619
	5,548,036	7,914,056
Investing:		
Purchase of investments	(30,493,283)	(19,854,450)
Proceeds on disposal of investments	22,892,669	13,452,633
Purchase of equipment	(8,964)	(1,989)
	(7,609,578)	(6,403,806)
Increase (decrease) in cash position	(2,061,542)	1,510,250
Cash and cash equivalents, beginning of year	3,798,199	2,287,949
Cash and cash equivalents, end of year	\$ 1,736,657	\$ 3,798,199

See accompanying notes to financial statements.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements

Year ended July 31, 2023

1. Nature of Operations:

Jim Pattison Children's Hospital Foundation Inc. (the "Entity") was incorporated as the Children's Health Foundation of Saskatchewan Inc. on May 23, 1992 under the Saskatchewan Non-Profit Corporations Act. The name was amended to Jim Pattison Children's Hospital Foundation Inc. on June 23, 2017. The Foundation is a registered charity under the Income Tax Act.

The Foundation's purpose is to raise funds for the enhancement of child and maternal healthcare and the Jim Pattison Children's Hospital ("JPCH"). The Foundation is a proud member of Canada's Children's Hospital Foundation (formerly "The Children's Miracle Network"), serving children's hospitals across Canada, partnering with their National Sponsors to raise funds for the new JPCH.

In the event of liquidation, all remaining assets are to be distributed to a registered charity having similar objectives.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit organizations in Part III of the CPA Canada Handbook. The significant accounting policies used in the preparation of these financial statements are summarized below.

(a) Basis of presentation:

The Foundation maintains its accounts in accordance with the principles of restricted fund accounting. Resources are classified for accounting and reporting purposes into either the general fund, designated fund or endowment fund according to the activity or objective specified.

General fund:

The general fund accounts for the Foundation's operating activities, including the gift shop operations, as well as realized and unrealized investment income that is not externally restricted by donors for a specific purpose. Resources of the general fund are to be used to support the current needs for enhancement of child and maternal healthcare in Saskatchewan.

Designated funds:

The Foundation includes in the designated fund, externally restricted donations and contributions, and realized and unrealized investment income specifically designated for the JPCH, health care projects, and other pediatric related grants.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

2. Significant accounting policies (continued):

(a) Basis of presentation (continued):

Endowment funds:

The Foundation has established endowments from the Jim Pattison Foundation. The externally restricted endowment fund is comprised of donations that are permanently maintained in accordance with donor wishes. In addition, the endowment fund comprises internally restricted investment income earned on endowment funds that are maintained unless otherwise directed by the Board. Investment earnings are directed towards the specific purpose for which the endowment was established.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash and investments with financial institutions with initial maturity of less than 90 days.

(c) Financial instruments:

Financial instruments are initially recognized at fair value and their subsequent measurement is dependent on their classification below.

The Foundation has elected to measure investments, other than guaranteed investment certificates, at fair value. Investment management fees are expensed as incurred.

Guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities are recorded at amortized cost. The fair value of such financial instruments approximate their carrying value due to the short-term period to maturity of the instruments.

Financial assets carried at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial assets. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

2. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at acquisition cost less accumulated amortization. The assets are amortized on a diminishing-balance basis at the following rates:

Office furniture and equipment	20%
Computer equipment	30 - 45%

Donated capital assets are recorded at their fair value at the date of contribution if fair value can be reasonably determined.

(e) Donated materials and services:

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty in determining their fair value, contributed materials and services are not recognized in these financial statements except for capital assets as described in note 2(d).

(f) Revenue:

Unrestricted fundraising and donation contributions are recognized as revenue in the general fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted fundraising and donation contributions related to general operations are recorded as deferred revenue and recognized as revenue of the general fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund in the year received.

Externally restricted endowment contributions are recognized as revenue of the endowment fund when received.

Investment income, which consists of interest, dividends and changes to fair value of investments (realized and unrealized), are recorded in the appropriate fund in the statement of operations when earned.

Interfund transfers represent internally approved transfers of money between funds. Transfers from the general fund are comprised primarily of transfers to the designated fund to the Pediatric Chair designated fund; and to the endowment fund with respect to investment income and unrealized gains and losses that are not otherwise subject to external restrictions.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

2. Significant accounting policies (continued):

(g) Government assistance:

The Foundation recognizes government assistance in the statement of operations in the year received or receivable. Any liability to repay government assistance is recognized in the year in which conditions arise to cause the government assistance to be repayable. Government assistance is recorded net in expenses within the general fund.

(h) Allocation of expenses:

The Foundation allocates certain salary and employee benefit costs to fundraising expenses. These costs are allocated based on estimated hours spent by employees on fundraising activities.

(i) Use of estimates:

The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the fair value of investments, collectibility of accounts receivable, and the estimated useful lives of capital assets. Actual results could differ from these estimates.

3. Tax status:

The Foundation has been granted tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act*. In order to maintain registered status, a public foundation must fulfill certain annual expenditure requirements.

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

4. Capital assets:

			2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value	Net book value	Net book value
Office furniture and equipment	\$ 6,894	\$ 6,421	\$ 473	\$ 591		
Computer equipment	69,551	60,139	9,412	8,149		
	\$ 76,445	\$ 66,560	\$ 9,885	\$ 8,740		

5. Investments:

	2023		2022	
Guaranteed investment certificates	\$ 51,533,155	\$ 42,427,416		
Balanced funds	32,144,747	29,981,874		
Life insurance surrender value	533	533		
	83,678,435	72,409,823		
Less short-term	(26,349,212)	(22,890,780)		
Total	\$ 57,329,223	\$ 49,519,043		

The Foundation's guaranteed investment certificates earn interest at rates ranging from 1.6% to 5.27% (2022 - 0.25% to 4.9%) and have maturity dates ranging from September 2023 to June 2026 (August 2022 to July 2024).

6. Accounts payable and accrued liabilities:

	2023		2022	
Accrued contributions payable	\$ 1,295,455	\$ 199,138		
Contributions payable	159,609	216,974		
Trades payable	115,364	165,020		
	\$ 1,570,428	\$ 581,132		

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

7. Designated funds:

	Beginning of year	Net revenue and fund transfers	Disbursements	End of year
Pediatric Health Care Projects	\$ 1,797,777	\$ 1,796,339	\$ (389,593)	\$ 3,204,523
Pediatric Research Chair	1,000,000	100,000	-	1,100,000
Jim Pattison Children's Hospital Research and fellowship	40,048,853 9,471,075	1,186,110 -	(3,277,970) -	37,956,993 9,471,075
	\$ 52,317,705	\$ 3,082,449	\$ (3,667,563)	\$ 51,732,591

8. Endowment funds:

	Beginning of year	Interfund transfers	End of year
Operating Cost Funding			
External	\$ 5,000,000	\$ -	\$ 5,000,000
Internal	1,687,828	457,859	2,145,687
Pediatric Research Fund			
External	2,500,000	-	2,500,000
Internal	856,128	230,814	1,086,942
Equipment Endowment Fund	2,059	3,578	5,637
	\$ 10,046,015	\$ 692,251	\$10,738,266

9. Allocation of fundraising expenses:

	2023	2022
Direct expenses	\$ 901,769	\$ 722,557
Allocated salaries and employee benefits expenses	968,699	891,150
	\$ 1,870,468	\$ 1,613,707

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

10. Financial instruments and risk management:

The Foundation manages its investment portfolio to earn investment income and invests according to the Foundation's investment policy and the Board's direction. In addition, the Foundation's external investment advisors manage the investment portfolio and make adjustments according to risk tolerances set by the Foundation and Board of Directors. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation is exposed to market risk on its balanced fund investments. Investments consist primarily of funds managed by external investments advisors. These investments are subject to fluctuations in market value. The market value of investments is disclosed in note 5.

Due to the nature of the Foundation's investments, it is management's opinion that the Foundation is not exposed to significant interest or credit risk arising from these financial instruments.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

11. Commitments:

a) The Foundation is committed to disbursing funds for the purpose of provincial programming, partnerships, fellowships and equipment needs for the new hospital. The following commitments have been made for contributions by the Foundation in future years:

2024	\$	6,589,333
2025		1,031,527
2026		837,209
2027		841,326
2028 and beyond		500,000

b) Lease commitments - Estimated future minimum lease payments under operating leases for the rental of office space for the next 5 years are as follows:

2024	\$	71,256
2025		76,396
2026		76,772
2027		80,912
2028		6,774

JIM PATTISON CHILDREN'S HOSPITAL FOUNDATION INC.

Notes to Financial Statements (continued)

Year ended July 31, 2023

11. Commitments (continued):

The Foundation's lease agreement is for the period of September 1, 2020 to August 31, 2027. Minimum future lease payments for office space consist of base rental charges. Occupancy costs and applicable taxes, currently estimated at \$23,000 per annum, will be in addition to the base rental charges indicated above.

12. Roughrider & Children's Hospital Foundations Lottery:

Roughrider & Children's Hospital Foundations Lottery (the "Lottery") is an investment for a long term sustainable project which was approved by the Board of Directors of each foundation respectively. The Lottery is a joint initiative with the Saskatchewan Roughriders Foundation, whereby both parties have funded the expenses incurred and shared in revenues earned equally. Included in the general fund is net fundraising revenue of \$121,300 (2022 - net fundraising revenue of \$363,000) which represents the Foundation's share.