



Financial Statements of

ST. PAUL'S HOSPITAL FOUNDATION, INC.

And Independent Auditor's Report thereon
Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of St. Paul's Hospital Foundation, Inc.

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations and changes in 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 December 31, 2022, 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.

KPMG LLP

Chartered Professional Accountants

Saskatoon, Canada
March 23, 2023

ST. PAUL'S HOSPITAL FOUNDATION, INC.

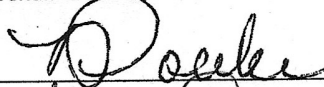
Statement of Financial Position

December 31, 2022, with comparative information for 2021

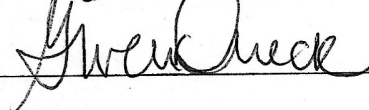
	2022	2021
Assets		
Current assets:		
Cash	\$ 3,564,839	\$ 4,170,283
Accounts receivable	612,832	34,849
Inventory	52,219	38,103
Prepaid expenses	276,052	262,191
	4,505,942	4,505,426
Investments (note 3)	13,615,299	14,725,633
Cash and investments in trust for designated funds (note 4)	3,000,200	-
Cash and investments in trust for endowment funds (note 5)	14,048,266	18,631,273
Equipment	87,556	14,209
	\$35,257,263	\$ 37,876,541
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 586,679	\$ 538,755
Fund balances:		
General	4,344,395	7,224,453
Designated (note 4)	16,277,923	11,482,060
Endowments (note 5)	14,048,266	18,631,273
	34,670,584	37,337,786
Commitments (note 7)		
	\$35,257,263	\$ 37,876,541

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Operations and Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

				2022	2021
	General	Designated	Endowment	Total	Total
Revenue					
Donations- general (note 6)	\$ 423,602	\$4,203,281	\$ 12,500	\$ 4,639,383	\$ 6,197,504
Gaming	1,881,078	-	-	1,881,078	2,224,731
Events	228,644	-	-	228,644	149,025
Gift Shop – gross sales	132,988	-	-	132,988	92,759
Government grants (note 13)	-	-	-	-	322,084
Investment income	714,644	90,857	718,659	1,524,160	2,026,475
Fair market value adjustment on investments	(2,442,037)	38,438	(3,225,770)	(5,629,369)	1,093,958
	938,919	4,332,576	(2,494,611)	2,776,884	12,106,536
Expenses:					
Fundraising	233,635	109	-	233,744	154,152
Salaries and employee benefits	1,104,574	-	-	1,104,574	1,021,096
Gaming	271,343	-	-	271,343	226,595
Events	127,983	-	-	127,983	63,389
Gift Shop – cost of sales, salaries, and other costs	153,845	-	-	153,845	119,718
Communications	50,416	-	-	50,416	56,648
Administration	283,366	-	-	283,366	250,841
	2,225,162	109	-	2,225,271	1,892,439
Donation disbursements:					
St. Paul's Hospital (Grey Nuns) Of Saskatoon	287,455	2,320,260	611,100	3,218,815	3,930,169
(Deficit) excess of revenue over expenses					
	(1,573,698)	2,012,207	(3,105,711)	(2,667,202)	6,283,928
Fund balances, beginning of year					
	7,224,453	11,482,060	18,631,273	37,337,786	31,053,858
Interfund transfers (note 9)	(1,306,360)	2,783,656	(1,477,296)	-	-
Fund balances, end of year					
	4,344,395	16,277,923	14,048,266	34,670,584	37,337,786

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash flows from (used in):		
Operations:		
(Deficit) excess of revenue over expenses	\$ (2,667,202)	\$ 6,283,928
Items not involving cash:		
Amortization	5,292	4,047
Fair market value adjustments on investments	5,629,369	(1,093,958)
Change in non-cash operating working capital:		
Accounts receivable	(577,983)	232,096
Inventory	(14,116)	21,106
Prepaid expenses	(13,861)	(42,818)
Accounts payable and accrued liabilities	10,745	(128,601)
	2,372,244	5,275,800
Investing:		
Increase in investments, net	(1,331,703)	(1,456,745)
Increase in cash and investments in trust for designated funds, net	(2,961,762)	-
Decrease (increase) in cash and investments in trust for endowment funds, net	1,357,237	(3,880,813)
Purchase of equipment	(41,460)	(6,752)
	(2,977,688)	(5,344,310)
Decrease in cash	(605,444)	(68,510)
Cash, beginning of year	4,170,283	4,238,793
Cash, end of year	\$ 3,564,839	\$ 4,170,283

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

General Information:

St. Paul's Hospital Foundation Inc. (the "Foundation") is a charitable organization incorporated under the Non-Profit Corporations Act of Saskatchewan. The Foundation is an independent body responsible for the fundraising programs and allocating funds in keeping with donors' wishes to the best advantage of St. Paul's Hospital (Grey Nuns) of Saskatoon.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. The financial statements include the following funds:

General Fund – consists of donations and investment income upon which no restrictions have been imposed by the donor or the Board of Directors. These funds are managed in accordance with general Board policies and may be restricted through Board motion.

Designated Fund – consists of certain donations and contributions specifically designated for the education, research and equipment needs of various appeals, campaigns and departments within St. Paul's Hospital (Grey Nuns) of Saskatoon and the Hospice at Glengarda.

Endowment Fund – consists of donations for which the principal is restricted permanently in accordance with donor's wishes. Investment earnings provide annual support of specified equipment, programs or initiatives as per the terms of reference. Undistributed investment income is capitalized to principal.

(b) Cash:

Cash consists of cash balances and short-term investments held in Canadian financial institutions with a maturity of less than three months and are readily convertible to cash.

(c) Inventory:

Inventory is valued at the lower of cost and net realizable value. Inventory consists of items held for sale at the Gift Shop.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are initially measured at fair market value and their subsequent measurement is dependent on their classification as described below:

Cash, accounts receivable, accounts payable and accrued liabilities are measured at amortized cost. The carrying amounts reported approximate their respective carrying values due to the short-term nature of these instruments. The fair value of investments in debt and security instruments that are quoted in an active market are initially recognized and subsequently measured at fair value.

When there is an indication of impairment and such impairment has occurred, the carrying amount of the financial asset is reduced to the greater of discounted cash flows expected or the proceeds that could be realized from the sale of the financial asset. Such impairments are subsequently reversed if the fair value subsequently improves.

(e) Equipment and amortization:

Equipment is recorded at cost and is amortized on a straight-line basis over the estimated useful life. The estimated useful life of equipment is 5 - 10 years.

(f) Revenue recognition:

Under the restricted fund basis of accounting for contributions, revenue is recognized as follows:

- i. Contributions, donations and sponsorships are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- ii. Pledges for specific equipment, programs or campaign are recognized as donation revenue when proceeds are received.
- iii. Investment income earned on cash and investments is recognized as revenue in the General Fund. Investment income earned on investments in trust for designated and endowment funds are recognized as revenue in the Designated and Endowment Fund and must be used in accordance with the conditions imposed by the donor.
- iv. The Foundation receives donations of life insurance policies and charitable remainder trusts, charitable annuities, and bequests by wills. Planned giving revenue is recognized by the Foundation when proceeds are received.
- v. Gift Shop sales revenue is recognized when transfer of ownership has occurred at point of sale.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

(g) Contributed services:

The Foundation receives a significant amount of services from volunteers each year and due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(h) Government assistance and grants:

Government assistance and grants are recognized where there is reasonable assurance that all conditions of the government program are met and the assistance claimed will be received. The Foundation uses the income approach and recognizes government assistance as revenue in the period the conditions were met and application for assistance made.

(i) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets. Actual results could differ from those estimates.

2. 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. At December 31, 2022 the Foundation believes it has fulfilled these annual expenditure requirements.

3. Investments:

	2022	2021
Bond Pooled funds	\$ 1,977,737	\$ 2,092,132
Global balanced funds	11,636,400	12,632,342
Cash	1,162	1,159
	<u>\$ 13,615,299</u>	<u>\$ 14,725,633</u>

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

4. Designated funds:

	Beginning of year	Net revenue	Program payments	Interfund transfers	End of year
Departmental funds	\$ 1,744,827	\$ 492,981	\$ (130,975)	\$ 52,500	\$2,159,333
Allocated funds	6,059,945	1,998,822	(2,125,469)	4,857,458	10,790,756
Hospice campaign	2,290,521	776,323	(63,700)	(1,654,999)	1,348,145
Other capital campaigns	1,386,767	1,064,341	(116)	(471,303)	1,979,689
	\$ 11,482,060	\$ 4,332,467	\$ (2,320,260)	\$ 2,783,656	\$16,277,923

Investments held for designated funds were invested as follows:

	2022	2021
Bond pooled funds	\$ 428,120	\$ -
Global balanced funds	2,571,775	-
Cash	305	-
	\$ 3,000,200	\$ -

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

5. Endowment funds:

	Beginning of Year	Investment Income/ Fair value adjustments	Donations	Program Payments	Interfund Transfers	End of Year
Grey Nuns' Legacy	\$4,873,617	\$ (607,040)	\$ 200	\$ (240,000)	\$ -	\$ 4,026,777
St. Marguerite d'Youville	1,242,074	(156,110)	-	-	(5,410)	1,080,554
Leslie and Irene Dubè Endowment for the Hospice at Glengarda	6,748,951	(891,441)	100	(156,000)	1,427,980	7,129,590
Robert Steane Legacy Fund	3,528,861	(568,269)	-	(70,000)	(2,890,592)	-
Named:						
Janice Bergan	58,359	(7,417)	500	(4,000)	(475)	46,967
Evelyn Burkitt	67,825	(8,665)	-	(5,000)	(542)	53,618
Sheila Cooper	28,348	(3,617)	-	(2,000)	(227)	22,504
Humanitas	21,230	(2,709)	-	(1,500)	(170)	16,851
J. Knox and M. Dahl	25,465	(3,260)	-	(2,000)	(202)	20,003
Roy E. Lloyd	17,668	(2,243)	200	(1,200)	(144)	14,281
Sr. Carmen Marquis	15,996	(2,040)	-	(1,100)	(129)	12,727
William F. Mitchell	154,295	(19,693)	-	(11,000)	(1,237)	122,365
E. McKay Reichardt	516,874	(65,926)	-	(36,000)	(4,152)	410,796
Drs. Yip and Jen	30,201	(3,852)	-	(2,100)	(243)	24,006
Drs. Yip and Jen - MRI	40,080	(5,123)	-	(3,000)	(320)	31,637
Iris and Barry Maber	98,869	(12,596)	1,000	(7,500)	(798)	78,975
Russell Muzyka and Delphine Winter	35,379	(4,509)	-	(2,400)	(285)	28,185
Orest Chorneyko Memorial	43,002	(5,462)	500	(3,000)	(350)	34,690
Sylvia and Peter Kiziak	491,460	(62,724)	-	(35,000)	-	393,736
Lily Soberlik Memorial	46,070	(5,865)	-	(3,000)	-	37,205
Mike and Jennie Riehl Memorial	54,524	(6,965)	-	(4,000)	-	43,559
Orano Canada Inc.	81,785	(10,473)	-	(6,500)	-	64,812
Hadley Family	30,893	(3,356)	10,000	(800)	-	36,737
T. and L. Smith Memorial	379,447	(47,756)	-	(14,000)	-	317,691
	\$ 18,631,273	\$ (2,507,111)	\$ 12,500	\$ (611,100)	\$ (1,477,296)	\$ 14,048,266

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

5. Endowment funds (continued):

Investments held for endowment funds were invested as follows:

	2022	2021
Bond pooled funds	\$ 1,993,802	\$ 2,639,182
Global balanced funds	12,052,806	15,955,903
Cash	1,658	36,188
	\$ 14,048,266	\$ 18,631,273

6. Donations:

Donation revenue consists of the following:

	General	Designated	Endowment	2022 Total	2021 Total
Undesignated donations	\$ 290,375	\$ -	\$ -	\$ 290,375	\$ 397,771
Planned giving	133,227	1,158,074	-	1,291,301	2,086,136
Campaign donations	-	797,711	-	797,711	1,496,223
Designated donations	-	2,247,496	12,500	2,259,996	2,217,374
	\$ 423,602	\$ 4,203,281	\$ 12,500	\$ 4,639,383	\$ 6,197,504

7. Commitments:

The Foundation has committed to providing annual funding to St. Paul's Hospital (Grey Nuns) of Saskatoon for the acquisition of equipment, staff education and program funding as follows:

2023	\$16,528,926
2024	495,000
2025	495,000
2026	485,000
2027	475,000
2028	280,000
2029	270,000
Thereafter	240,000

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

8. Planned giving and pledges:

Planned giving:

The Foundation has been notified that it is the beneficiary of bequests from approximately 72 (2021 – 67) estates valued at approximately \$2,423,000 (2021 - \$2,588,000) however the timing of these bequests is undeterminable at this time. Other planned gifts of life insurance and annuities total \$1,307,000 (2021 - \$1,292,000).

Pledges:

The Foundation has been notified of pledged donations from approximately 20 (2021 – 32) individuals or organizations totaling approximately \$1,697,007 (2021 - \$2,689,692) over multiple years.

9. Transfers:

The Foundation implements an internal policy whereby the general fund will charge a fee to the restricted funds in order to recover a portion of fundraising and administrative costs. Pursuant to the policy, the general fund recovered administrative fees of \$86,704 (2021 - \$157,173) from the endowment fund and \$48,626 (2021 - \$50,689) from departmental funds within the designated fund based on set rates for annual recoveries per the policy. The general fund recovered \$706,447 (2021 - \$nil) from other designated donations within the designated fund based on approval of such recoveries within policy limits (note 4).

Other interfund transfers totaling \$2,148,137 (2021 - \$1,159,477) were made from the general fund to the designated fund to fund program payments to St. Paul's Hospital (Grey Nuns) of Saskatoon. In 2022, the Foundation transferred \$1,500,000 (2021 - \$2,000,000) from the designated fund to the Leslie and Irene Dubé Endowment for the Hospice at Glengarda as part of the Close to Home campaign. In 2022, the Foundation transferred \$2,890,592 (2021 - \$nil) from the Robert Steane Legacy Fund Endowment to the designated fund to reflect a change in the terms of the funding agreement.

10. Related party transactions:

The Foundation made \$3,218,815 (2021 - \$3,930,169) in program payments to St. Paul's Hospital (Grey Nuns) of Saskatoon during the year. There were no other related party transactions in 2022 or 2021.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Foundation had \$368,571 payable to St. Paul's Hospital (Grey Nuns) of Saskatoon at December 31, 2022 (\$401,442 – December 31, 2021) which is included in accounts payable and accrued liabilities.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2022

11. Financial instruments and risk management:

The Foundation is exposed to interest rate risk arising from fluctuation in interest rates on amounts invested in interest bearing accounts and investments. Cash is deposited into an interest bearing account with a Canadian chartered financial institution.

The Foundation is exposed to market risk on its investments. Investments consist primarily of pooled funds managed by external investments advisors. These investments are subject to fluctuations in market value. The market value of investments is disclosed in note 3, note 4 and note 5.

The Foundation is also exposed to credit risk on its investments. Credit risk related to investments is minimized by dealing institutions that have strong credit ratings and by investing in a diversified pool of funds.

The Foundation manages liquidity risks by maintaining adequate cash balances and managing cash flow needs on a regular basis to ensure it has sufficient cash flows to fund its operations and funding commitments to St. Paul's Hospital (Grey Nuns) of Saskatoon.

12. Covid 19:

On March 11, 2020 the World Health Organization declared the outbreak of a strain of the novel coronavirus (Covid-19) as a pandemic which has resulted in a series of public health orders and emergency measures that have been put in place to combat the spread of the virus. The resulting economic slowdown, gathering restrictions and activities exposes the Foundation to operational risk. The Foundation manages this operational risk by complying with public health orders, hosting virtual events and adopting a hybrid work environment for its employees.

13. Government grants:

During the year, the Foundation applied for assistance through the Government of Canada's Canada Emergency Wage Subsidy program in the amount of \$nil (2021 - \$310,200). This federal subsidy program provides non-repayable financial assistance when a decrease in revenue has occurred during the Covid-19 pandemic. The subsidy is based on a portion of employee salaries from January 1 to October 23, 2021. As of December 31, 2022, \$nil was included in accounts receivable (December 31, 2021 -\$nil).

The Foundation received assistance from the Saskatchewan Government's Small Business Emergency Payment Program in the amount of \$nil (2021 - \$11,884). This provincial program provided non-repayment financial assistance to the Gift Shop during a temporary closure due to public health orders during the Covid-19 pandemic. As of December 31, 2022, no amount was included in accounts receivable (December 31, 2021 - \$nil).