

Financial Statements of

**ST. PAUL'S HOSPITAL  
FOUNDATION, INC.**

Year ended December 31, 2013



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## **INDEPENDENT AUDITORS' REPORT**

To the Board

We have audited the accompanying financial statements of St. Paul's Hospital Foundation, Inc. which comprise the statement of financial position as at December 31, 2013, the statements of operations, fund balances, and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of St. Paul's Hospital Foundation, Inc. as at December 31, 2013, and its results of operations, change in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants  
Saskatoon, Canada  
March 27, 2014

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

## Statement of Financial Position

December 31, 2013, with comparative information for 2012

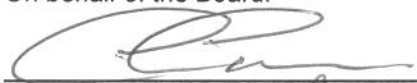
	2013	2012
<b>Assets</b>		
Current assets:		
Cash	\$ 3,659,974	\$ 6,509,633
Accounts receivable	363,196	70,138
Inventory	56,468	59,016
Prepaid expenses	111,564	82,184
	4,191,202	6,720,971
Investments (note 3)	7,991,102	3,894,026
Cash and investments in trust for endowment funds (note 5)	4,139,224	4,243,619
Equipment	4,205	6,330
Grey Nuns residence (note 4)	395,878	395,878
	\$ 16,721,611	\$ 15,260,824

## Liabilities and Fund Balances

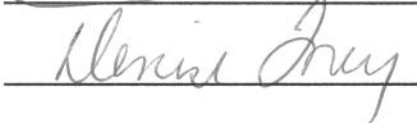
Current liabilities:		
Accounts payable and accrued liabilities	\$ 258,366	\$ 214,288
Fund balances:		
General	4,375,090	4,349,539
Designated (note 4)	7,948,931	6,453,378
Endowments (note 5)	4,139,224	4,243,619
	16,463,245	15,046,536
Commitments (note 7)		
	\$ 16,721,611	\$ 15,260,824

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

## Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	General	Designated	Endowment	2013 Total	2012 Total
Revenue:					
Donations - general (note 6)	\$ 799,378	\$ 3,094,426	\$ 35,400	\$ 3,929,204	\$ 2,802,145
Gaming	938,938	-	-	938,938	1,007,519
Project revenue (schedule 1)	423,462	-	-	423,462	392,361
Other income	-	-	-	-	109,164
Investment income	453,649	-	238,455	692,104	388,339
Fair market value adjustment on investments	81,502	-	38,705	120,207	216,717
	2,696,929	3,094,426	312,560	6,103,915	4,916,245
Expenses:					
Fundraising (schedule 2)	154,476	150,393	-	304,869	215,925
Salaries and employee benefits	627,066	-	-	627,066	662,361
Gaming	112,712	-	-	112,712	127,279
Project expenses (schedule 1)	273,700	-	-	273,700	272,955
Communications	41,519	-	-	41,519	42,336
Administration	149,429	-	-	149,429	113,980
	1,358,902	150,393	-	1,509,295	1,434,836
Program payments - St. Paul's Hospital (Grey Nuns) of Saskatoon	193,469	2,696,828	287,614	3,177,911	2,290,473
	1,552,371	2,847,221	287,614	4,687,206	3,725,309
Excess of revenue over expenses	\$ 1,144,558	\$ 247,205	\$ 24,946	\$ 1,416,709	\$ 1,190,936

See accompanying notes to financial statements.

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

## Statement of Fund Balances

Year ended December 31, 2013, with comparative information for 2012

	General	Designated	Endowment	2013 Total	2012 Total
Fund balances, beginning of year	\$ 4,349,539	\$ 6,453,378	\$ 4,243,619	\$ 15,046,536	\$ 13,855,600
Excess of revenue over expenses	1,144,558	247,205	24,946	1,416,709	1,190,936
Interfund transfers	(1,119,007)	1,248,348	(129,341)	-	-
Fund balances, end of year	\$ 4,375,090	\$ 7,948,931	\$ 4,139,224	\$ 16,463,245	\$ 15,046,536

See accompanying notes to financial statements.

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

## Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,416,709	\$ 1,190,936
Items not involving cash:		
Amortization	3,140	4,129
Fair market value adjustments on investments	(120,207)	(216,717)
Change in non-cash operating working capital:		
Accounts receivable	(293,058)	304,027
Inventory	2,548	(5,786)
Prepaid expenses	(29,380)	(80,133)
Accounts payable and accrued liabilities	44,078	(87,551)
	1,023,830	1,108,905
Investing:		
Increase in investments, net	(4,015,575)	(154,645)
Decrease (increase) in cash and investments in trust		
for endowment funds, net	143,101	79,239
Purchase of equipment	(1,015)	-
	(3,873,489)	(75,406)
Increase (decrease) in cash	(2,849,659)	1,033,499
Cash, beginning of year	6,509,633	5,476,134
Cash, end of year	\$ 3,659,974	\$ 6,509,633

See accompanying notes to financial statements.

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2013

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## General Information:

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

### 1. Significant accounting policies:

#### (a) Basis of presentation:

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

##### *General fund:*

The general fund accounts for the Foundation's operating activities. Resources of the general fund are to be used to purchase equipment and support programs of St. Paul's Hospital (Grey Nuns) of Saskatoon.

##### *Designated funds:*

The Foundation includes in the designated funds certain donations and contributions specifically designated for the education, research and equipment needs of various departments within St. Paul's Hospital (Grey Nuns) of Saskatoon as well as Foundation designated appeals and designated campaigns.

##### *Endowment funds:*

The Foundation has placed certain general endowment contributions in trust in honour of the unique inspiration of St. Marguerite D'Youville. Interest earnings on the fund balance will be used in special initiatives, such as providing scholarships to St. Paul's Hospital employees.

The Foundation has also established a special endowment fund known as The Grey Nuns Legacy Fund to celebrate the continuing legacy of the Grey Nuns at St. Paul's Hospital. Interest earnings on the fund balance will provide annual support of special activities in spiritual care, mission and ethics at St. Paul's Hospital.

The Foundation has established several named endowments from specific donors. The principal of the gift is held in accordance with the terms of the endowment agreement, with interest earnings allocated for the specific purpose for which the endowment was established.

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

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## 1. Significant accounting policies (continued):

### (b) Cash:

Cash consists of balances with financial institutions which have an initial term to maturity of three months or less.

### (c) Inventory:

Inventory is valued at the lower of cost and net realizable value.

### (d) Financial instruments:

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

Cash and investments are classified as financial assets and are measured at fair value. Investment management fees are expensed as incurred.

Accounts receivable and 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.

### (e) Amortization:

Amortization is recorded at a rate sufficient to amortize the cost of the equipment to operations over its estimated useful life of 5 years.

### (f) Planned giving:

The Foundation receives donations of life insurance policies and charitable remainder trusts, charitable annuities, gifts of property and bequests by wills. Planned giving revenue is recognized by the Foundation when proceeds are received.

In certain cases, the Foundation receives cash for the purposes of paying annual premiums on the life insurance policies where it has been named as the beneficiary. These amounts received are deferred and recognized as planned giving revenue in the period which life insurance premiums are paid.



# ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

## 1. Significant accounting policies (continued):

### (g) 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, 2013 the Foundation believed it had fulfilled these annual expenditure requirements.

## 3. Investments:

	2013	2012
Managed portfolio:		
Bond pooled funds, average yield of 3.42% (2012 - 3.10%)	\$ 4,530,064	\$ 2,330,776
Canadian equity pooled funds	2,348,756	1,305,492
Foreign equity pooled funds	1,049,248	257,758
Cash	63,034	-
	<b>\$ 7,991,102</b>	<b>\$ 3,894,026</b>

## 4. Designated funds:

	Beginning of Year	Net Revenue	Program Payments	Interfund Transfers	End of Year
Departmental funds	\$ 2,048,760	\$ 534,056	\$ (442,908)	\$ (21,073)	\$ 2,118,835
Allocated funds	1,782,442	2,396,567	(1,708,045)	1,193,617	3,664,581
Capital campaigns	2,622,176	13,410	(545,875)	75,804	2,165,515
	<b>\$ 6,453,378</b>	<b>\$ 2,944,033</b>	<b>\$ (2,696,828)</b>	<b>\$ 1,248,348</b>	<b>\$ 7,948,931</b>

The Grey Nuns residence has been designated for the palliative care hospice in major campaigns.

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

## 5. Endowment funds:

	Beginning of Year	Investment Income/ Fair value adjustments	Donations	Program Payments	Interfund Transfers	End, of Year
Grey Nuns' Legacy \$	2,654,513	\$ 179,697	\$ -	\$ (200,000)	\$ 46,170	\$ 2,680,380
General	779,471	41,890	7,500	(56,081)	(162,440)	610,340
Named:						
Janice Bergan	44,840	3,078	-	(1,570)	(695)	45,653
Evelyn Burkitt	52,119	3,577	-	(1,824)	(809)	53,063
Sheila Cooper	18,426	1,265	550	(645)	(442)	19,154
Humanitas	16,535	1,135	-	(578)	(256)	16,836
Joseph Knox	11,142	765	-	(390)	(173)	11,344
Roy E. Lloyd	12,247	841	100	(429)	(191)	12,568
Sr. Carmen						
Marquis	12,300	844	-	(431)	(190)	12,523
William F.						
Mitchell	118,070	8,104	250	(4,132)	(1,834)	120,458
E. McKay						
Reichardt	401,484	27,558	-	(17,969)	(6,166)	404,907
Drs. Yip and Jen	20,616	1,415	1,000	-	(345)	22,686
Drs. Yip and						
Jen - MRI	30,801	2,114	-	(1,078)	(478)	31,359
Iris and Barry						
Maber	71,055	4,877	1,000	(2,487)	(1,081)	73,364
Russell Muzyka	-	-	25,000	-	(411)	24,589
	\$ 4,243,619	\$ 277,160	\$ 35,400	\$ (287,614)	\$ (129,341)	\$ 4,139,224

Cash and investments held for endowment funds were invested as follows:

	2013	2012
Managed portfolio:		
Bond pooled funds, with an average yield of 3.42% (2012 - 3.10%)	\$ 2,300,380	\$ 2,423,631
Canadian equity pooled funds	1,155,774	1,357,270
Foreign equity pooled funds	519,046	268,072
Cash	164,024	194,646
	\$ 4,139,224	\$ 4,243,619

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

## 6. Donations:

Donation revenue consists of the following:

	General	Designated	Endowment	2013 Total	2012 Total
General donations	\$ 423,222	\$ 527,920	\$ 35,400	\$ 986,542	\$ 715,628
Planned giving	376,156	6,136	-	382,292	314,232
Campaigns	-	13,410	-	13,410	443,228
Allocated donations	-	2,181,500	-	2,181,500	985,505
Third party events	-	365,460	-	365,460	343,552
	\$ 799,378	\$ 3,094,426	\$ 35,400	\$ 3,929,204	\$ 2,802,145

## 7. Commitments:

The Foundation has committed to providing St. Paul's Hospital (Grey Nuns) of Saskatoon with \$5,162,000 during 2014 for the acquisition of equipment, staff education and program funding.

## 8. Planned giving and pledges:

### *Planned giving:*

The Foundation has been notified that it is the beneficiary of bequests from approximately 71 estates valued at approximately \$1,880,000, however the timing of these bequests is undeterminable at this time. Other planned gifts of life insurance and annuities total \$937,000.

### *Pledges:*

The Foundation has been notified of pledged donations from approximately 11 individuals or organizations totaling approximately \$143,000 over several years.

## 9. Recovery of fund raising costs:

During 2013, the Foundation adopted an internal policy whereby the general fund will charge a fee to the restricted funds in order to recover a portion of fundraising costs. Pursuant to the policy, the general fund recovered administrative fees of \$63,034 from the endowment fund. These administrative charges are presented as interfund transfers in the statement of fund balances.

# ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

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## **10. Related party transactions:**

During the year, the Foundation contributed \$3,177,911 (2012 - \$2,290,473) to St. Paul's Hospital (Grey Nuns) of Saskatoon toward the purchase of approved equipment, staff education and programs.

## **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, when received, is deposited into an interest bearing account with interest earned based on prime rates on the balance in the account.

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 and note 5.

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

**ST. PAUL'S HOSPITAL FOUNDATION, INC.**

## Schedule of Project Revenue - Net

Year ended December 31, 2013, with comparative information for 2012

	Revenue	Direct Expenses	2013 Net	Revenue	Direct Expenses	2012 Net
Mistletoe ball	\$ 207,688	\$ 70,043	\$ 137,645	\$ 180,645	\$ 66,423	\$ 114,222
Gift shop	215,774	203,657	12,117	211,716	206,532	5,184
	\$ 423,462	\$ 273,700	\$ 149,762	\$ 392,361	\$ 272,955	\$ 119,406

**ST. PAUL'S HOSPITAL FOUNDATION, INC.**

## Schedule of Fundraising Expenses

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Direct mail	\$ 67,508	\$ 77,402
Marketing	33,404	73,177
Third party events	150,393	41,857
Donor recognition	49,617	17,934
Planned giving	3,947	5,555
	\$ 304,869	\$ 215,925