

Financial Statements of

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

And Independent Auditors' Report thereon
Year ended December 31, 2019



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INDEPENDENT AUDITORS' 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, 2019
- 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 December 31, 2019, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 27, 2020

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Financial Position

December 31, 2019, with comparative information for 2018

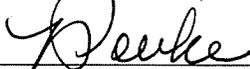
	2019	2018
Assets		
Current assets:		
Cash	\$ 5,850,958	\$ 3,210,061
Accounts receivable	77,068	84,726
Inventory	54,858	69,152
Prepaid expenses	204,624	201,968
	<u>6,187,508</u>	<u>3,565,907</u>
Investments (note 3)	13,955,867	11,945,609
Cash and investments in trust for endowment funds (note 5)	10,832,023	5,782,775
Equipment	8,162	8,922
	<u>\$ 30,983,560</u>	<u>\$ 21,303,213</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,060,290	\$ 552,495
Fund balances:		
General	5,064,307	4,165,232
Designated (note 4)	14,026,940	10,802,711
Endowments (note 5)	10,832,023	5,782,775
	<u>29,923,270</u>	<u>20,750,718</u>
Commitments (note 7)		
	<u>\$ 30,983,560</u>	<u>\$ 21,303,213</u>

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, 2019, with comparative information for 2018

	General	Designated	Endowment	2019 Total	2018 Total
Revenue					
Donations- general (note 6)	\$ 347,321	\$ 10,314,692	\$ 1,556,461	\$ 12,218,474	\$ 6,563,328
Gaming	1,378,374	-	-	1,378,374	1,306,645
Project revenue (schedule 1)	431,444	-	-	431,444	518,066
Investment income	658,406	-	316,325	974,731	860,673
Fair market value adjustment on investments	1,106,858	-	557,477	1,664,335	(1,029,476)
	3,922,403	10,314,692	2,430,263	16,667,358	8,219,236
Expenses:					
Fundraising (schedule 2)	265,321	12,632	-	277,953	172,516
Salaries and employee benefits	879,461	-	-	879,461	772,817
Gaming	218,182	-	-	218,182	179,853
Project expenses (schedule 1)	314,159	-	-	314,159	327,944
Communications	51,542	-	-	51,542	28,937
Administration	292,055	-	-	292,055	244,966
	2,020,720	12,632	-	2,033,352	1,727,033
Program payments- St. Paul's Hospital (Grey Nuns) Of Saskatoon	292,281	4,852,463	316,710	5,461,454	4,115,158
	2,313,001	4,865,095	316,710	7,494,806	5,842,191
Excess of revenue over expenses	\$1,609,402	\$ 5,449,597	\$ 2,113,553	\$ 9,172,552	\$ 2,377,045

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Fund Balances

Year ended December 31, 2019, with comparative information for 2018

	General	Designated	Endowment	2019 Total	2018 Total
Fund balances, beginning of year	\$ 4,165,232	\$ 10,802,711	\$ 5,782,775	\$ 20,750,718	\$ 18,373,673
Excess (deficiency) of revenue over expenses	1,609,402	5,449,597	2,113,553	9,172,552	2,377,045
Interfund transfers (note 9)	(710,327)	(2,225,368)	2,935,695	-	-
Fund balances, end of year	\$ 5,064,307	\$ 14,026,940	\$10,832,023	\$ 29,923,270	\$ 20,750,718

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash flows from (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 9,172,552	\$ 2,377,045
Items not involving cash:		
Amortization	3,603	4,142
Fair market value adjustments on investments	(1,664,335)	1,029,476
Change in non-cash operating working capital:		
Accounts receivable	7,658	(32,011)
Inventory	14,294	(15,992)
Prepaid expenses	(2,656)	(5,553)
Accounts payable and accrued liabilities	507,795	130,739
	8,038,911	3,487,846
Investing:		
(Increase) decrease in investments, net	(903,400)	(3,393,042)
(Increase) decrease in cash and investments in trust for endowment funds, net	(4,491,771)	(612,033)
Purchase of equipment	(2,843)	-
	(5,398,014)	(4,005,075)
Increase (decrease) in cash	2,640,897	(517,229)
Cash, beginning of year	3,210,061	3,727,290
Cash, end of year	\$ 5,850,958	\$ 3,210,061

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

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.

The Foundation has established a Hospice at Glengarda endowment as part of the Close to Home Campaign. This endowment will support holistic care to patients facing end-of-life and their families, both in the Hospice and in the community.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

The Foundation has established a special endowment known as the Robert Steane Legacy Fund. The Fund will be used to support additional hospice facilities and end-of-life care in accordance with the donor's wishes.

(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 recognized at fair value and their subsequent measurement is dependent on their classification as described below.

Cash and investments are classified as financial assets 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 and pledges:

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.

Pledges for specific equipment, program or campaign are recognized as donation revenue when proceeds are received.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

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, 2019 the Foundation believed it had fulfilled these annual expenditure requirements.

3. Investments:

	2019	2018
Bond Pooled funds	\$ 1,868,260	\$ 1,687,915
Global balanced funds	12,087,607	10,228,158
Cash	-	29,536
	\$ 13,955,867	\$ 11,945,609

4. Designated funds:

	Beginning of year	Net revenue	Program payments	Interfund transfers	End of year
Departmental funds	\$ 1,715,355	\$ 359,217	\$ (284,568)	\$ (135,466)	\$ 1,654,538
Allocated funds	4,361,516	446,403	(2,108,405)	137,909	2,837,423
Hospice campaign	3,965,507	9,496,440	(2,359,490)	(2,227,811)	8,874,646
Other capital campaigns	760,333	-	(100,000)		660,333
	\$ 10,802,711	\$ 10,302,060	\$ (4,852,463)	\$ (2,225,368)	\$14,026,940

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Endowment funds:

	Beginning of Year	Investment Income/ Fair value adjustments	Donations	Program Payments	Interfund Transfers	End of Year
Grey Nuns' Legacy	\$ 3,430,059	\$ 462,280	\$ 2,000	\$ (240,000)	\$ (18,233)	\$ 3,636,106
St. Marguerite d'Youville	1,007,044	137,107	2,000	(43,500)	-	1,102,651
Named:						
Janice Bergan	48,556	6,671	-	(1,699)	(548)	52,980
Evelyn Burkitt	56,439	7,754	-	(1,975)	(636)	61,582
Sheila Cooper	23,126	3,177	550	(809)	(261)	25,783
Humanitas	17,907	2,460	-	(627)	(202)	19,538
J. Knox and M. Dahl	12,064	1,657	10,000	(422)	(136)	23,163
Roy E. Lloyd	14,350	1,971	200	(502)	(162)	15,857
Sr. Carmen Marquis	13,321	1,830	-	(466)	(150)	14,535
William F. Mitchell	128,373	17,636	-	(4,493)	(1,448)	140,068
E. McKay Reichardt	430,662	59,166	-	(15,073)	(4,857)	469,898
Drs. Yip and Jen	25,142	3,454	-	(880)	(284)	27,432
Drs. Yip and Jen - MRI	33,356	4,583	-	(1,167)	(376)	36,396
Iris and Barry Maber	80,788	11,099	250	(2,828)	(911)	88,398
Russell Muzyka and Delphine Winter	29,451	4,046	-	(1,031)	(332)	32,134
Orest Chorneyko Memorial	35,376	4,860	-	(1,238)	(399)	38,599
Sylvia and Peter Kiziak	396,261	54,440	-	-	(4,469)	446,232
Hospice at Glengarda	500	89,611	41,461	-	2,969,099	3,100,671
Robert Steane Legacy Fund	-	-	1,500,000	-	-	1,500,000
	\$ 5,782,775	\$ 873,802	\$ 1,556,461	\$ (316,710)	\$ 2,935,695	\$ 10,832,023

During 2019, the Foundation transferred \$3,000,000 from the designated fund to the Hospice at Glengarda endowment as part of the Close to Home Campaign.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Endowment funds (continued):

Investments held for endowment funds were invested as follows:

	2019	2018
Bond pooled funds	\$ 1,251,838	\$ 823,027
Global balanced funds	8,037,996	4,959,748
Cash	1,542,189	-
	\$ 10,832,023	\$ 5,782,775

6. Donations:

Donation revenue consists of the following:

	General	Designated	Endowment	2019 Total	2018 Total
Undesignated donations	\$ 176,290	\$ -	\$ -	\$ 176,290	\$ 218,770
Planned giving	171,031	27,259	1,500,000	1,698,290	438,945
Campaign donations	-	9,483,265	-	9,483,265	4,740,588
Designated donations	-	694,941	56,461	751,402	1,034,410
Third party events	-	109,227	-	109,227	130,615
	\$ 347,321	\$ 10,314,692	\$ 1,556,461	\$ 12,218,474	\$ 6,563,328

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

7. Commitments:

The Foundation has committed to providing St. Paul's Hospital (Grey Nuns) of Saskatoon with \$11,490,140 for the acquisition of equipment, staff education and program funding in 2020.

8. Planned giving and pledges:

Planned giving:

The Foundation has been notified that it is the beneficiary of bequests from approximately 59 estates valued at approximately \$1,302,000 however the timing of these bequests is undeterminable at this time. Other planned gifts of life insurance and annuities total \$1,117,000.

Pledges:

The Foundation has been notified of pledged donations from approximately 44 individuals or organizations totaling approximately \$4,501,000 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 \$64,305 (2018 - \$29,370) from the endowment fund and \$40,537 (2018 - \$43,929) from departmental funds within the designated fund based on set rates for annual recoveries per the policy. The general fund also recovered \$575,488 (2018 - \$597,734) from Hospice campaign funds within the designated fund based on approval of such recoveries within policy limits (note 4).

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

10. Related party transactions:

The following amounts have been paid to related parties during the course of the year

	2019	2018
Program payments to St. Paul's Hospital (Grey Nuns) of Saskatoon	\$ 5,461,454	\$ 4,115,158
Consulting fees paid to a Director	3,017	-
Professional marketing consulting fees paid to a family member of an employee	4,200	15,900
	\$ 5,468,671	\$ 4,131,058

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 \$788,849 payable to St. Paul's Hospital (Grey Nuns) of Saskatoon at December 31, 2019 (\$457,225 – December 31, 2018) which is included in accounts payable and accrued liabilities.

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.

12. Subsequent event:

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. As a result, at the time of approval of the financial statements, the Foundation has experienced a temporary decline in the fair value of investments and investment income. The fair value of investments has declined by \$2,128,134, in comparison to the amounts reported as at December 31, 2019. In addition, the Foundation has temporarily suspended operations of the St. Paul's Hospital Gift Shop. The duration of the temporary closure and the financial effect on the Foundation is not known at this time.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Schedule of Project Revenue - Net

Year ended December 31, 2019, with comparative information for 2018

	Revenue	Direct Expenses	2019 Net	Revenue	Direct Expenses	2018 Net
Mistletoe Ball	\$ 196,253	\$ 74,570	\$ 121,683	\$ 178,950	\$ 68,139	\$ 110,811
Give and Grow radio event	-	-	-	99,251	20,604	78,647
Gift shop	235,191	239,589	(4,398)	239,865	239,201	664
	\$ 431,444	\$ 314,159	\$ 117,285	\$ 518,066	\$ 327,944	\$ 190,122

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Schedule of Fundraising Expenses

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Direct mail	\$ 101,107	\$ 70,280
Marketing	22,463	19,222
Third party events	11,023	15,051
Donor cultivation & recognition	24,795	22,581
Hospice Campaign	118,565	45,382
	<u>\$ 277,953</u>	<u>\$ 172,516</u>