



Financial Statements of

ST. PAUL'S HOSPITAL FOUNDATION INC.

And Independent Auditor's Report thereon
Year ended December 31, 2020



KPMG LLP
500-475 2nd Avenue South
Saskatoon Saskatchewan S7K 1P4
Canada
Tel (306) 934-6200
Fax (306) 934-6233

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, 2020
- 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, 2020, 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

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 long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants

Saskatoon, Canada
March 25, 2021

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 4,238,793	\$ 5,850,958
Accounts receivable	266,945	77,068
Inventory	59,209	54,858
Prepaid expenses	219,373	204,624
	4,784,320	6,187,508
Investments (note 3)	12,732,615	13,955,867
Cash and investments in trust for endowment funds (note 5)	14,192,775	10,832,023
Equipment	11,504	8,162
	\$ 31,721,214	\$ 30,983,560
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 667,356	\$ 1,060,290
Fund balances:		
General	5,625,519	5,064,307
Designated (note 4)	11,235,564	14,026,940
Endowments (note 5)	14,192,775	10,832,023
	31,053,858	29,923,270
Commitments (note 7)		
	\$ 31,721,214	\$ 30,983,560

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, 2020, with comparative information for 2019

				2020	2019
	General	Designated	Endowment	Total	Total
Revenue					
Donations- general (note 6)	\$ 431,347	\$ 2,346,552	\$ 2,620,097	\$ 5,397,996	\$ 12,218,474
Gaming	1,602,730	-	-	1,602,730	1,378,374
Events	164,905	-	-	164,905	196,253
Gift Shop – gross sales	84,354	-	-	84,354	235,191
Government grants (note 13)	299,364	-	-	299,364	-
Investment income	502,411	-	465,039	967,450	974,731
Fair market value adjustment on investments	802,776	-	730,693	1,533,469	1,664,335
	3,887,887	2,346,552	3,815,829	10,050,268	16,667,358
Expenses:					
Fundraising	272,989	-	-	272,989	277,953
Salaries and employee benefits	995,100	-	-	995,100	879,461
Gaming	253,186	-	-	253,186	218,182
Events	69,973	-	-	69,973	74,570
Gift Shop – cost of sales, salaries, and other costs	133,232	-	-	133,232	239,589
Communications	27,016	-	-	27,016	51,542
Administration	291,008	-	-	291,008	292,055
	2,042,504	-	-	2,042,504	2,033,352
Donation disbursements:					
St. Paul's Hospital (Grey Nuns) Of Saskatoon	291,156	6,250,279	335,741	6,877,176	5,461,454
Excess (deficiency) of revenue over expenses	1,554,227	(3,903,727)	3,480,088	1,130,588	9,172,552
Fund balances, beginning of year	5,064,307	14,026,940	10,832,023	29,923,270	20,750,718
Interfund transfers (note 9)	(993,015)	1,112,351	(119,336)	-	-
Fund balances, end of year	\$ 5,625,519	\$ 11,235,564	\$ 14,192,775	\$ 31,053,858	\$ 29,923,270

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,130,588	\$ 9,172,552
Items not involving cash:		
Amortization	5,243	3,603
Fair market value adjustments on investments	(1,533,469)	(1,664,335)
Change in non-cash operating working capital:		
Accounts receivable	(189,877)	7,658
Inventory	(4,351)	14,294
Prepaid expenses	(14,749)	(2,656)
Accounts payable and accrued liabilities	(392,934)	507,795
	(999,549)	8,038,911
Investing:		
Decrease (increase) in investments, net	2,026,028	(903,400)
(Increase) in cash and investments in trust for endowment funds, net	(2,630,059)	(4,491,771)
Purchase of equipment	(8,585)	(2,843)
	(612,616)	(5,398,014)
(Decrease) increase in cash	(1,612,165)	2,640,897
Cash, beginning of year	5,850,958	3,210,061
Cash, end of year	\$ 4,238,793	\$ 5,850,958

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2020

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.

Endowment Fund – consists of donations for which the principal is restricted for a specific term 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 and cash equivalents:

Cash and cash equivalents 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, 2020

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 and cash equivalents, accounts receivable, accounts payable and accrued liabilities are measured at amortized cost. The carrying amounts reported approximate their respective fair values due to the short-term nature of these instruments. The fair value of investments in debt and equity 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 its estimated useful life of 5 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 endowment funds are recognized as revenue in the 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, 2020

1. Significant accounting policies (continued):

(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, 2020 the Foundation believed it had fulfilled these annual expenditure requirements.

3. Investments:

	2020	2019
Bond Pooled funds	\$ 1,716,122	\$ 1,868,260
Global balanced funds	11,015,189	12,087,607
Cash	1,304	-
	<u>\$ 12,732,615</u>	<u>\$ 13,955,867</u>

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2020

4. Designated funds:

	Beginning of year	Net revenue	Program payments	Interfund transfers	End of year
Departmental funds	\$ 1,654,538	\$ 239,193	\$ (140,784)	\$ (29,964)	\$ 1,722,983
Allocated funds	2,837,423	871,072	(447,682)	1,442,694	4,703,507
Hospice campaign	8,874,646	1,236,287	(5,561,813)	(290,093)	4,259,027
Other capital campaigns	660,333	-	(100,000)	(10,286)	550,047
	\$ 14,026,940	\$ 2,346,552	\$ (6,250,279)	\$ 1,112,351	\$ 11,235,564

5. Endowment funds:

	Beginning of Year	Investment Income/ Fair value adjustments	Donations	Program Payments	Interfund Transfers	End of Year
Grey Nuns' Legacy	\$ 3,636,106	\$ 319,949	\$ 2,000	\$ (240,000)	\$ (18,610)	\$ 3,699,445
St. Marguerite d'Youville	1,102,651	102,848		(43,500)	(5,791)	1,156,208
Leslie and Irene Dube Endowment for the Hospice at Glengarda	3,100,671	296,991	1,031,150	-	(44,291)	4,384,521
Robert Steane Legacy Fund	1,500,000	336,736	1,500,000	-	(33,889)	3,302,847
Named:						
Janice Bergan	52,980	4,832	-	(1,854)	(581)	55,377
Evelyn Burkitt	61,582	5,617	-	(2,156)	(675)	64,368
Sheila Cooper	25,783	2,352	-	(902)	(283)	26,950
Humanitas	19,538	1,782	-	(684)	(214)	20,422
J. Knox and M. Dahl	23,163	2,113	-	(811)	(254)	24,211
Roy E. Lloyd	15,857	1,446	200	(555)	(174)	16,774
Sr. Carmen Marquis	14,535	1,326	-	(509)	(159)	15,193
William F. Mitchell	140,068	12,775	-	(4,902)	(1,535)	146,406
E. McKay Reichardt	469,898	42,857	-	(16,446)	(5,150)	491,159
Drs. Yip and Jen	27,432	2,502	-	(960)	(301)	28,673
Drs. Yip and Jen - MRI	36,396	3,319	-	(1,274)	(399)	38,042
Iris and Barry Maber	88,398	8,062	500	(3,094)	(969)	92,897
Russell Muzyka and Delphine Winter	32,134	2,931	-	(1,125)	(352)	33,588
Orest Chorneyko Memorial	38,599	3,520	-	(1,351)	(423)	40,345
Sylvia and Peter Kiziak	446,232	40,699	-	(15,618)	(4,890)	466,423
Lily Soberlik Memorial	-	3,075	36,247	-	(396)	38,926
Mike and Jennie Riehl Memorial	-	-	50,000	-	-	50,000
	\$ 10,832,023	\$ 1,195,732	\$ 2,620,097	\$ (335,741)	\$ (119,336)	\$ 14,192,775

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2020

5. Endowment funds (continued):

Investments held for endowment funds were invested as follows:

	2020		2019	
Bond pooled funds	\$	1,915,286	\$	1,251,838
Global balanced funds		12,276,729		8,037,996
Cash		760		1,542,189
	\$	14,192,775	\$	10,832,023

6. Donations:

Donation revenue consists of the following:

				2020	2019
	General	Designated	Endowment	Total	Total
Undesignated donations	\$ 260,365	\$ -	\$ -	\$ 260,365	\$ 176,290
Planned giving	170,982	38,400	1,536,247	1,745,629	1,698,290
Campaign donations	-	1,236,287	1,000,000	2,236,287	9,483,265
Designated donations	-	1,071,865	83,850	1,155,715	751,402
Third party events	-	-	-	-	109,227
	\$ 431,347	\$ 2,346,552	\$ 2,620,097	\$ 5,397,996	\$ 12,218,474

7. Commitments:

The Foundation has committed to providing St. Paul's Hospital (Grey Nuns) of Saskatoon with \$7,530,207 for the acquisition of equipment, staff education and program funding in 2021.

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 \$1,293,000 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 34 individuals or organizations totaling approximately \$2,283,930 over multiple years.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2020

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 \$118,750 (2019 - \$64,305) from the endowment fund and \$32,777 (2019 - \$40,537) from departmental funds within the designated fund based on set rates for annual recoveries per the policy. The general fund also recovered \$235,000 (2019 - \$575,488) from other designated donations within the designated fund based on approval of such recoveries within policy limits (note 4).

Other interfund transfers totaling \$1,379,542 (2019 - \$1,390,658) were made from the general fund to the designated fund to fund program payments to St. Paul's Hospital (Grey Nuns) of Saskatoon.

10. Related party transactions:

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

	2020	2019
Program payments to St. Paul's Hospital (Grey Nuns) of Saskatoon	\$ 6,877,176	\$ 5,461,454
Consulting fees paid to a Director	2,700	3,017
Marketing consulting fees paid to a family member of an employee	12,500	4,200
	<u>\$ 6,892,376</u>	<u>\$ 5,468,671</u>

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 \$386,115 payable to St. Paul's Hospital (Grey Nuns) of Saskatoon at December 31, 2020 (\$788,849 - December 31, 2019) 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 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 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.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2020

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 temporary remote 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 \$292,791. 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 beginning March 15, 2020. As of December 31, 2020, \$196,841 was included in accounts receivable.

The Foundation received assistance from the Saskatchewan Government's Small Business Emergency Payment Program in the amount of \$6,574. 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, 2020, no amount was included in accounts receivable.

14. Comparative figures:

Certain figures for 2019 have been reclassified to conform to the presentation adopted in 2020.