

Financial Statements of

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

Year ended December 31, 2011



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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, 2011, 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 generally accepted accounting principles, 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Saskatoon, Canada

March 22, 2012

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ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 5,476,134	\$ 5,193,777
Accounts receivable	374,165	39,216
Inventory	53,230	86,528
Prepaid expenses	2,051	8,384
	<u>5,905,580</u>	<u>5,327,905</u>
Investments (note 3)	3,636,159	3,651,909
Cash and investments in trust for endowment funds (note 5)	4,209,363	4,422,198
Equipment	10,459	14,589
Grey Nuns residence (note 4)	395,878	395,878
	<u>\$ 14,157,439</u>	<u>\$ 13,812,479</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 301,839	\$ 237,203
Accounts payable - St. Paul's Hospital (Grey Nuns) of Saskatoon	-	1,923
	<u>301,839</u>	<u>239,126</u>
Fund balances:		
General	3,612,937	3,841,955
Designated (note 4)	6,033,300	5,309,200
Endowments (note 5)	4,209,363	4,422,198
	<u>13,855,600</u>	<u>13,573,353</u>
Commitments (note 7)		
	<u>\$ 14,157,439</u>	<u>\$ 13,812,479</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, 2011, with comparative figures for 2010

	General	Designated	Endowment	2011 Total	2010 Total
Revenue:					
Donations - general (note 6)	\$ 481,737	\$ 2,567,538	\$ 4,100	\$ 3,053,375	\$ 2,135,209
Gaming	994,094	-	-	994,094	461,153
Project revenue (schedule 1)	397,679	-	-	397,679	408,192
Investment income	59,273	-	45,116	104,389	753,425
	1,932,783	2,567,538	49,216	4,549,537	3,757,979
Expenses:					
Fundraising (schedule 2)	205,043	31,440	-	236,483	206,570
Salaries and employee benefits	640,784	-	-	640,784	656,023
Gaming	162,522	-	-	162,522	76,191
Project expenses (schedule 1)	301,257	-	-	301,257	282,032
Communications	35,469	-	-	35,469	50,411
Administration	88,214	-	-	88,214	66,344
	1,433,289	31,440	-	1,464,729	1,337,571
Program payments - St. Paul's Hospital (Grey Nuns) of Saskatoon	670,046	1,839,509	293,006	2,802,561	2,561,279
	2,103,335	1,870,949	293,006	4,267,290	3,898,850
Excess (deficiency) of revenue over expenses	\$ (170,552)	\$ 696,589	\$ (243,790)	\$ 282,247	\$ (140,871)

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Fund Balances

Year ended December 31, 2011, with comparative figures for 2010

	General	Designated	Endowment	2011 Total	2010 Total
Fund balances, beginning of year	\$ 3,841,955	\$ 5,309,200	\$ 4,422,198	\$ 13,573,353	\$ 13,714,224
Excess (deficiency) of revenue over expenses year	(170,552)	696,589	(243,790)	282,247	(140,871)
Interfund transfers	(58,466)	27,511	30,955	-	-
Fund balances, end of year	\$ 3,612,937	\$ 6,033,300	\$ 4,209,363	\$ 13,855,600	\$ 13,573,353

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash flows from (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 282,247	\$ (140,871)
Items not involving cash:		
Amortization	4,130	4,001
Change in non-cash operating working capital:		
Accounts receivable	(334,949)	81,347
Inventory	33,298	3,779
Prepaid expenses	6,333	(2,700)
Accounts payable and accrued liabilities	64,636	107,236
Accounts payable - St. Paul's Hospital (Grey Nuns) of Saskatoon	(1,923)	-
	53,772	52,792
Investing:		
Increase in investments	15,750	(489,434)
Increase in cash and investments in trust for endowment funds	212,835	(200,660)
Purchase of equipment	-	(6,954)
	228,585	(697,048)
Decrease in cash	282,357	(644,256)
Cash, beginning of year	5,193,777	5,838,033
Cash, end of year	\$ 5,476,134	\$ 5,193,777

See accompanying notes to financial statements.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements

Year ended December 31, 2011

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 reporting period. Actual results could differ from these estimates. 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 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)

Year ended December 31, 2011

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) Investments:

Investments are designated as held for trading and are recorded at market value.

(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.

(g) Future accounting changes :

In December 2010, the Accounting Standards Board ("AcSB") released the accounting standards impacting the future financial reporting framework for not-for-profit organizations. The standards require that not-for-profit organizations who choose not to adopt International Financial Reporting Standards ("IFRS") will apply the Accounting Standards for Not-for-Profit Organizations contained in Part III of the CICA Handbook-Accounting. This is effective for fiscal years beginning on or after January 1, 2012 with earlier adoption permitted.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

The Foundation has determined that it intends to adopt Accounting Standards for Not-for-Profit Organizations effective for the fiscal year commencing January 1, 2012. The impact of the adoption of these standards is currently being evaluated and is not expected to have a significant impact on the results of the Foundation.

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, 2011 the Foundation believed it had fulfilled these annual expenditure requirements.

3 Investments:

	2011	2010
Managed portfolio:		
Bond pooled funds, average yield of 4.16% (2010 - 3.12%)	\$ 2,246,603	\$ 2,185,869
Canadian equity pooled funds	1,168,165	1,238,340
Foreign equity pooled funds	221,391	227,700
	\$ 3,636,159	\$ 3,651,909

4. Designated funds:

	Beginning of Year	Net Revenue	Program Payments	Interfund Transfers	End of Year
Education, equipment and other	\$ 1,883,220	\$ 2,018,473	\$ (839,509)	\$ 27,511	\$ 3,089,695
Major campaigns	3,425,980	540,073	(1,000,000)	-	2,966,053
	\$ 5,309,200	\$ 2,558,546	\$ (1,839,509)	\$ 27,511	\$ 6,055,748

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)

Year ended December 31, 2011

5. Endowment funds:

	Beginning of Year	Investment Income / (Loss)	Donations	Program Payments	Interfund Transfers	End of Year
Grey Nuns' Legacy	\$ 2,840,271	\$ 30,041	\$ 2,050	\$ (200,000)	\$ -	\$ 2,672,362
General	782,169	6,277	300	(93,006)	58,466	754,206
Named:						
Janice Bergan	44,553	490	-	-	(1,559)	43,484
Evelyn Burkitt	51,786	570	-	-	(1,813)	50,543
Sheila Cooper	17,352	191	400	-	(607)	17,336
Humanitas	16,429	181	-	-	(575)	16,035
Joseph Knox	11,071	122	-	-	(388)	10,805
Roy E. Lloyd	11,966	132	100	-	(419)	11,779
Sr. Carmen						
Marquis	12,222	134	-	-	(428)	11,928
William F. Mitchell	116,959	1,287	250	-	(4,094)	114,402
E. McKay						
Reichardt	398,916	4,388	-	-	(13,962)	389,342
Drs. Yip and Jen	19,811	218	-	-	(693)	19,336
Drs. Yip and						
Jen - MRI	30,111	331	-	-	(573)	29,869
Iris and Barry						
Maber	68,582	754	1,000	-	(2,400)	67,936
	\$ 4,422,198	\$ 45,116	\$ 4,100	\$ (293,006)	\$ 30,955	\$ 4,209,363

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

	2011	2010
Managed portfolio:		
Bond pooled funds, with an average yield of 4.16% (2010 - 3.12%)	\$ 2,475,880	\$ 2,568,860
Canadian equity pooled funds	1,287,510	1,435,864
Foreign equity pooled funds	244,090	265,411
Cash	201,883	152,063
	\$ 4,209,363	\$ 4,422,198

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2011

6. Donations:

Donation revenue consists of the following:

	General	Designated	Endowment	2011 Total	2010 Total
General donations	\$ 418,429	\$ 143,651	\$ 4,100	\$ 566,180	\$ 1,090,984
Planned giving	63,308	367,739	-	431,047	226,289
Campaigns	-	540,073	-	540,073	745,047
Allocated donations	-	1,321,085	-	1,321,085	-
Third party events	-	194,990	-	194,990	72,889
	\$ 481,737	\$ 2,567,538	\$ 4,100	\$ 3,053,375	\$ 2,135,209

7. Commitments:

The Foundation has committed to providing St. Paul's Hospital (Grey Nuns) of Saskatoon with \$4,399,500 during 2012 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 60 estates valued at approximately \$1,400,000, however the timing of these bequests is undeterminable at this time. Other planned gifts of life insurance and annuities total \$935,000.

Pledges:

The Foundation has been notified of pledged donations from approximately 30 individuals or organizations totaling approximately \$800,000 over a period of years.

9. Related party transactions:

During the year, the Foundation contributed \$2,802,561 (2010- \$2,561,279) to St. Paul's Hospital (Grey Nuns) of Saskatoon toward the purchase of approved equipment, staff education and programs.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Notes to Financial Statements (continued)

Year ended December 31, 2011

10. Financial assets and liabilities:

The fair value of the Foundation's cash, accounts receivable, accounts payable and accrued liabilities and accounts payable - St. Paul's Hospital (Grey Nuns) of Saskatoon approximate their carrying amount due to the short-term nature of these items.

11. Comparative figures:

The general and designated fund balances for 2011 have been reclassified to conform with the financial statement presentation adopted in the current year.

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Schedule of Project Revenue - Net

Year ended December 31, 2011, with comparative figures for 2010

	Revenue	Direct Expenses	2011 Net	Revenue	Direct Expenses	2010 Net
Mistletoe ball	\$ 185,055	\$ 76,573	\$ 108,482	\$ 179,105	\$ 75,021	\$ 104,084
Gift shop	212,624	224,684	(12,060)	229,087	207,011	22,076
	\$ 397,679	\$ 301,257	\$ 96,422	\$ 408,192	\$ 282,032	\$ 126,160

ST. PAUL'S HOSPITAL FOUNDATION, INC.

Schedule of Fundraising Expenses

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Direct mail	\$ 91,594	\$ 87,640
Marketing	88,447	78,790
Third party events	31,440	-
Donor recognition	21,146	15,006
Planned giving	3,856	5,366
Embracing the Future Campaign	-	18,787
Annual giving	-	981
	\$ 236,483	\$ 206,570