

Royal University Hospital Foundation Inc.

Financial Statements

March 31, 2020



Independent auditor's report

To the Board of Directors of Royal University Hospital Foundation Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Royal University Hospital Foundation Inc. (the Foundation) as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at March 31, 2020;
- the statement of revenue, expenses, and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- the related schedules for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 report.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 these 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 Foundation'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 Foundation'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 Foundation 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.

We 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan
May 26, 2020



Royal University Hospital Foundation Inc.

Statement of Financial Position

As at March 31, 2020

				2020	2019
	Operating	Designated	Endowment	Total	Total
Assets					
Current assets					
Cash and cash equivalents	4,752,974	2,088,609	-	6,841,583	5,428,358
Pledges receivable - current (note 2)	99,194	-	-	99,194	155,762
Accounts receivable	105,401	-	-	105,401	103,668
Inventory	124,064	-	-	124,064	123,221
Due from other funds	706,465	-	-	706,465	378,701
Prepaid expenses	146,813	86,281	20,833	253,927	298,594
	5,934,911	2,174,890	20,833	8,130,634	6,488,304
Investments (note 3)	-	2,944,171	16,226,741	19,170,912	18,993,001
Other assets					
Planned giving	26,516	-	-	26,516	27,762
Pledges receivable - long term (note 2)	511,833	-	-	511,833	135,498
	538,349	-	-	538,349	163,260
Capital assets (note 4)	189,273	-	-	189,273	195,251
	6,662,533	5,119,061	16,247,574	28,029,168	25,839,816
Liabilities					
Current liabilities					
Accounts payable (note 5)	644,792	20,000	145,000	809,792	763,412
Accrued liabilities	90,496	-	-	90,496	85,270
Grants payable (note 5)	3,974,483	-	321,342	4,295,825	3,478,815
Due to other funds	-	-	706,465	706,465	378,701
	4,709,771	20,000	1,172,807	5,902,578	4,706,198
Fund Balances					
Fund balances (note 11)	1,952,762	5,099,061	15,074,767	22,126,590	21,133,618
	6,662,533	5,119,061	16,247,574	28,029,168	25,839,816

Commitments (note 12)

Approved by the Board of Directors

Nishu Kauria

Director

[Signature]

Director

The accompanying notes are an integral part of these financial statements.



Royal University Hospital Foundation Inc.

Statement of Revenue, Expenses, and Changes in Fund Balances
for the year ended March 31, 2020

				2020	2019
	Operating	Designated	Endowment	Total	Total
Revenue					
Donations	4,988,811	295,172	626,916	5,910,899	7,110,369
Bequests	1,966,444	-	-	1,966,444	469,525
Events - gross revenue & gift-in-kind (note 6)	409,069	-	-	409,069	454,766
Gift shop - gross revenue	298,984	-	-	298,984	357,886
Gaming- gross revenue (note 6)	1,422,218	-	-	1,422,218	1,347,366
Total fundraising revenue - gross	9,085,526	295,172	626,916	10,007,614	9,739,912
Investment income (loss) (note 3)	170,434	18,613	(614,743)	(425,696)	1,059,144
Management fees (note 3)	15,525	-	-	15,525	12,657
Other (note 7)	154,727	(22,259)	(132,468)	-	-
	9,426,212	291,526	(120,295)	9,597,443	10,811,713
Expenses					
Fundraising, events, and administrative (schedule A)	(2,304,109)	-	(85,661)	(2,389,770)	(2,292,928)
Net revenue available for granting	7,122,103	291,526	(205,956)	7,207,673	8,518,785
Grants (note 8)	(5,257,681)	(355,813)	(601,207)	(6,214,701)	(9,852,944)
Excess (deficiency) of revenue over expenses	1,864,422	(64,287)	(807,163)	992,972	(1,334,159)
Fund balances, beginning of year	2,788,340	2,420,052	15,925,226	21,133,618	22,467,777
Interfund transfers (note 10)	(2,700,000)	2,743,296	(43,296)	-	-
Fund balances, end of year (note 11)	1,952,762	5,099,061	15,074,767	22,126,590	21,133,618

The accompanying notes are an integral part of these financial statements.



Royal University Hospital Foundation Inc.

Statement of Cash Flows

for the year ended March 31, 2020

				2020	2019
	Operating	Designated	Endowment	Total	Total
Cash provided by (used in)					
Operating activities					
Excess of revenue over expenses	1,864,422	(64,287)	(807,163)	992,972	(1,334,159)
Items not involving cash					
Amortization	20,503	-	-	20,503	23,236
Due to (from) other funds	(327,764)	(260,813)	588,577	-	-
Investment earnings re-invested (net of fee)	-	(59,451)	702,500	643,049	(823,484)
Change in value of planned giving assets	1,246	-	-	1,246	(1,144)
Donated artwork	(2,200)	-	-	(2,200)	(3,745)
	<u>1,556,207</u>	<u>(384,551)</u>	<u>483,914</u>	<u>1,655,570</u>	<u>(2,139,296)</u>
Net change in non-cash working capital items					
Decrease (increase) in pledges receivable	(319,767)	-	-	(319,767)	637,099
Decrease (increase) in accounts receivable	(1,733)	-	-	(1,733)	(50,357)
Decrease (increase) in inventory	(843)	-	-	(843)	(15,302)
Decrease (increase) in prepaid expenses	(5,457)	50,284	(160)	44,667	104,864
Increase (decrease) in accounts payable	6,380	20,000	20,000	46,380	(864,115)
Increase (decrease) in accrued liabilities	5,226	-	-	5,226	(21,119)
Increase (decrease) in grants payable	796,928	(19,407)	39,489	817,010	1,807,278
	<u>480,734</u>	<u>50,877</u>	<u>59,329</u>	<u>590,940</u>	<u>1,598,348</u>
	<u>2,036,941</u>	<u>(333,674)</u>	<u>543,243</u>	<u>2,246,510</u>	<u>(540,948)</u>
Investing activities					
Purchase of investments	-	(321,013)	(539,153)	(860,166)	(332,988)
Withdrawal from investments	-	-	39,206	39,206	142,793
Purchase of capital assets	(12,325)	-	-	(12,325)	(3,779)
	<u>(12,325)</u>	<u>(321,013)</u>	<u>(499,947)</u>	<u>(833,285)</u>	<u>(193,974)</u>
Net change in cash	2,024,616	(654,687)	43,296	1,413,225	(734,922)
Cash and cash equivalents - beginning of year	5,428,358	-	-	5,428,358	6,163,280
Interfund transfers (note 10)	(2,700,000)	2,743,296	(43,296)	-	-
Cash and cash equivalents - end of year	4,752,974	2,088,609	-	6,841,583	5,428,358

The accompanying notes are an integral part of these financial statements.



Royal University Hospital Foundation Inc.

Schedule A - Fundraising, Events and Administration Expenses
for the year ended March 31, 2020

				2020	2019
	Operating	Designated	Endowment	Total	Total
Salaries and benefits	1,082,912	-	-	1,082,912	1,042,445
Event and gaming costs <i>(note 7)</i>	450,452	-	-	450,452	490,792
Gift Shop cost of sales and other costs <i>(schedule B)</i>	259,341	-	-	259,341	328,519
Fundraising and operations	445,046	-	-	445,046	281,356
Investment management fees	7,942	-	85,661	93,603	90,718
Professional fees and contract	58,416	-	-	58,416	59,098
	2,304,109	-	85,661	2,389,770	2,292,928

Royal University Hospital Foundation Inc.

Schedule B - Gift Shop Costs of Sales and Other Costs
for the year ended March 31, 2020

				2020	2019
	Operating	Designated	Endowment	Total	Total
Costs of sale, including packaging and buying	166,972	-	-	166,972	214,383
Salaries and benefits	64,256	-	-	64,256	83,965
Administrative costs, including amortization	28,113	-	-	28,113	30,171
	259,341	-	-	259,341	328,519

The accompanying notes are an integral part of these financial statements.



Royal University Hospital Foundation Inc.

Notes to financial statements

March 31, 2020

The Foundation was incorporated under the provisions of the Non-Profit Corporations Act (Saskatchewan) on June 13, 1983 as the University Hospital Foundation Inc. Effective June 7, 1991, the Foundation changed its name to the Royal University Hospital Foundation Inc. (the "Foundation").

The Foundation enjoys tax-exempt status as a registered charity under Paragraph 149(1)(f) of the Income Tax Act (Canada). In order to maintain registered status, a public Foundation must fulfil certain annual expenditure requirements.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The Operating fund comprises the Foundation's general and unrestricted fundraising activities and reports resources which are not externally restricted. Also included in this fund are amounts donated for grants which are part of the Foundation's normal granting programs.

The Designated and Endowment funds comprise the Foundation's designated and endowment revenues and corresponding disbursements to the Royal University Hospital (through the Saskatchewan Health Authority) and to the University of Saskatchewan.

The Foundation receives endowment capital contributions, which are intended to exist for a period of ten years, or in perpetuity. These endowment capital contributions, as well as non-capital donations, are included in the Foundation's Endowment fund balance and any investment income (loss) earned on the endowed funds is recorded as income (loss) of the Endowment fund.

The Foundation also receives contributions from donors which are directed by the donor to a specific charitable purpose, or to a specific hospital department or program. Such contributions are recorded in the Designated fund.

The Foundation operates the Royal University Hospital gift shop which it took over from the Royal University Hospital Auxiliary (the "Auxiliary") in 2015. The results of operations of the Gift Shop are reflected in the Operating fund. The intention is that the Foundation will operate the Gift Shop and at the end of each fiscal year will transfer an amount to the Auxiliary endowment fund held by the Foundation. The amount transferred will be determined after calculating a reserve needed to fund the ongoing operations of the Gift Shop. To date, no transfers have been made to the endowment fund upon considering the net Gift Shop earnings, after amortization of fixtures and equipment.

Revenue recognition

Donor-designated contributions are recognized as revenue of the Designated Fund or the Endowment Fund in the year received or receivable.

Restricted contributions related to a fundraising campaign are recognized as revenue of the Operating Fund in the period that they are received or receivable to the extent that the corresponding grant expenditure has been incurred.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable.

Contributions receivable are recorded when the amount to be received can be reasonably estimated, ultimate collection is reasonably assured, and the corresponding revenue recognition criteria has been met.

Amounts received related to fundraising events to be held after the fiscal year-end are deferred and recognized on completion of the event.



Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2020

The Foundation, along with two other Saskatoon Hospital Foundations within the Saskatchewan Health Authority, apply a consistent Recovery of Fundraising Costs Policy. The purpose of the policy is to more closely associate fundraising benefits and costs across all donations to generate a pool of resources that will be available for the operation of the Foundation. A fee is charged on Designated and Endowment donations and recognized as revenue in the Operating fund.

Unrestricted investment income, as well as certain investment income earned on the Designated funds, are recognized as revenue in the Operating fund. Investment income earned on endowments is recorded as revenue of the Endowment fund.

Financial instruments

The Foundation recognizes and measures its financial instruments as follows: 1. cash, accounts receivable, pledges receivable, planned giving, accounts payable, accrued liabilities and grants payable are initially recorded at their fair value and subsequently measured at amortized cost; 2. investments in debt and equity securities that are quoted in an active market are initially recorded, and subsequently measured, at fair value; 3. term deposits and guaranteed investment certificates are initially recorded at fair value and subsequently measured as amortized cost using the effective interest method.

Financial assets, where applicable, are tested for impairment at the end of each reporting period when there are indications that an asset may be impaired.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash balances and term deposits, if any, with original maturities of three months or less.

Cash and cash equivalents are available for meeting short-term cash commitments rather than for investment or other purposes.

Inventory

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

Capital assets

Property and equipment are recorded at cost (or receipted value, in the case of donated items) and amortized using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment and software	2 years
Store fixtures	5 years
Gift Shop renovations	20 years
Donated artwork	Not amortized

Grants

Grants are recorded when the Foundation obligates itself through a board motion to transfer funds for the grant.

Use of estimates

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes.

These estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future.

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2020
Measurement uncertainty

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. Uncertainty in global capital markets as a result of COVID-19 caused a decline in the market value of the Foundation's investments. As at March 31, 2020, the market value of the Foundation's investments had started to recover and there have been no market value declines of significance subsequent to March 31, 2020.

Management has assessed that there are no significant disclosures to make with respect to any changes to assets or liabilities in the subsequent period or any significant effects on the future operations of the Foundation. As it is not yet known when public health restrictions will be removed, nor the long-term impact of COVID-19, it is not possible to estimate any financial impact of this event on the Foundation's financial results subsequent to March 31, 2020.

Other assets

The Planned Giving amount relates to cash surrender value of life insurance policies which have been donated to the Foundation and for which the Foundation is the beneficiary.

Contributed services

The Saskatchewan Health Authority provides administration services and office space to the Foundation at no charge. These services are not recognized in the financial statements due to the difficulty in determining their fair value.

2. Pledges receivable

The Foundation records pledged donation revenues when there is reasonable assurance of collection and the revenue recognition criteria has been met. The measurement of pledges receivable is uncertain due to the third party donor's control over the timing of the payment. Management considers factors relevant to the collection of pledges, including donor profile and donor payment history, to assist in their estimate of the recorded amount of pledges receivable.

At the end of the fiscal year, pledges outstanding (current and long-term) to the Foundation are \$611,027 (2019 - \$291,260) of which \$490,174 is included in the current year's donation revenue. Amounts are due to the Foundation over the next one to nine years, as follows:

				2020	2019
	Operating	Designated	Endowment	Total	Total
2020	-	-	-	-	155,762
2021	99,194	-	-	99,194	34,665
2022	175,000	-	-	175,000	40,000
2023	102,000	-	-	102,000	10,000
2024	102,000	-	-	102,000	10,000
2025	102,000	-	-	102,000	10,000
2026-2029	30,833	-	-	30,833	30,833
	611,027	-	-	611,027	291,260

Additional amounts that have been pledged to the Foundation as of March 31, 2020 for the purpose of funding future grants are disclosed in note 12.

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2020
2. Pledges receivable (continued)

The pledges receivable balance as of March 31, 2020 includes \$368,000 related to a gift from a registered charity that is controlled by a Director of the Foundation.

During the fiscal year, the Foundation incurred pledge losses of nil (2019 – nil).

3. Investments

				2020	2019
	Operating	Designated	Endowment	Total	Total
Investment portfolios	-	2,944,171	16,226,741	19,170,912	18,993,001
Opening balance	-	2,563,707	16,429,294	18,993,001	17,979,322
Purchase of investments	-	321,013	539,153	860,166	332,988
Investment earnings re-invested (net of fees)	-	59,451	(702,500)	(643,049)	823,484
Withdrawal from investments	-	-	(39,206)	(39,206)	(142,793)
	-	2,944,171	16,226,741	19,170,912	18,993,001

The Foundation's investment portfolios in the Designated and Endowment funds are managed by an external professional investment manager, in accordance with an Investment Policy Statement for each portfolio. A quarterly management fee is paid.

Investment income (loss) of \$(425,696) (2019 - \$1,059,144) consists of interest of \$391,649 (2019 - \$376,235), changes in fair value of investments of \$(1,093,107) (2019 - \$406,886) and dividend income of \$275,762 (2019 - \$276,023). Changes in fair value include capital gains/losses on investments sold.

The Foundation manages trust funds on behalf of the Saskatchewan Health Authority departments or programs at Royal University Hospital in the amount of \$737,799 (2019 - \$683,765). During the year, the Foundation earned investment income in lieu of a management fee of \$15,525 (2019 - \$12,657) on these funds. These trust funds are not included in these financial statements.

4. Capital assets

			2020	2019
	Cost	Accumulated amortization	Net	Net
Computer equipment	27,093	(15,719)	11,374	-
Computer software	46,818	(46,818)	-	-
Gift Shop fixtures	70,286	(61,179)	9,107	23,164
Gift Shop improvements	109,888	(24,725)	85,163	90,658
Donated artwork	83,629	-	83,629	81,429
	337,714	(148,441)	189,273	195,251

Amortization expense included in expenses is \$20,503 (2019 – \$23,236).

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2020
5. Grants payable

At the end of the fiscal year, grants payable outstanding are \$4,295,825 (2019 - \$3,478,815). Included in this amount is the Foundation's commitment to pay to the Saskatchewan Health Authority or the University of Saskatchewan the following amounts:

				2020	2019
	Operating	Designated	Endowment	Total	Total
Chronic Disease priorities	-	-	-	-	1,500,000
Priority capital equipment	3,726,071	-	3,211	3,729,282	1,452,735
Signature grants	239,792	-	186,751	426,543	380,080
Education, Fellowships and Chairs	8,620	-	131,380	140,000	145,700
	3,974,483	-	321,342	4,295,825	3,478,815

The majority of the payments of the grants payable will be made directly to the Saskatchewan Health Authority and the timing will depend upon the Saskatchewan Health Authority's invoicing to the Foundation.

Included in accounts payable at the end of the fiscal year are \$612,583 (2019 - \$608,664) relating to grants that were invoiced by the Saskatchewan Health Authority as of March 31, 2020 and paid subsequent to year end.

6. Events and gaming revenue

			2020	2019
	Revenue	Expenses	Net	Net
Events				
Royal Ball	267,819	(158,702)	109,117	109,561
Greek Gourmet Feast	141,250	(75,890)	65,360	67,026
	409,069	(234,592)	174,477	176,587

Included in the event revenue and expenses are gift-in-kind amounts:

			2020	2019
	Revenue	Expenses	Net	Net
Royal Ball	92,638	(92,638)	-	-
Greek Gourmet Feast	58,000	(58,000)	-	-
	150,638	(150,638)	-	-

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2020
6. Events and gaming revenue (continued)

			2020	2019
	Revenue	Expenses	Net	Net
Gaming				
Hospital Home Lottery	1,422,218	(215,860)	1,206,358	1,134,753

Included in the gaming revenue is Saskatchewan Charitable Gaming Grants in the amount of \$39,378 (2019 - \$38,488).

7. Other revenue

Other revenue primarily relates to the Recovery of Fundraising Costs fee (see Note 1).

8. Grants

				2020	2019
	Operating	Designated	Endowment	Total	Total
Patient care (including capital)	4,836,712	166,943	163,090	5,166,745	8,881,253
Research	208,037	43,372	372,537	623,946	694,329
Education, Fellowships and Chairs	212,932	145,498	65,580	424,010	277,362
	5,257,681	355,813	601,207	6,214,701	9,852,944

Grants for patient care (including capital), research and education, fellowships and chairs which are part of the Foundation's normal granting streams, or which are part of a capital campaign, are recorded as grants and grants payable when the grant is awarded and approved by the Board. Payments against these amounts are made based on invoices from the Saskatchewan Health Authority or the University of Saskatchewan.

In the case of donations designated to a specific one-time purpose, with the intention that the designated purpose will be fulfilled in the near-term, the offsetting grant is recorded at the same time as the donation is received.

According to the terms of certain endowment agreements, the granting of amounts may be determined by a committee external to the Foundation.

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2020
8. Grants (continued)

The following significant items were granted (cancelled) during the year:

				2020	2019
	Operating	Designated	Endowment	Total	Total
Lecture theatres	1,614,179	57,821	-	1,672,000	150,000
Medical Imaging equipment	1,238,370	-	-	1,238,370	45,871
Surgery equipment	800,191	-	53,080	853,271	234,057
Colorectal Health Centre Pilot	496,789	-	3,211	500,000	-
Research Chairs	-	-	349,840	349,840	250,000
General non-clinical equipment and public space enhancements	287,105	-	-	287,105	261,337
Cardiac upgrades and equipment	238,663	-	-	238,663	703,438
Emergency and trauma priorities	185,347	(15,868)	31,380	200,859	920,867
Fellowship training	84,000	70,000	-	154,000	100,000
Woman Leading Philanthropy	100,000	-	-	100,000	100,000
RUH new adult emergency department	-	-	-	-	4,825,000
Laboratory equipment	-	-	-	-	(33,816)
Chronic Disease priorities	(15,000)	-	-	(15,000)	1,515,000
Signature grants and donor-designated	228,037	243,860	163,696	635,593	781,190
	5,257,681	355,813	601,207	6,214,701	9,852,944

9. Financial risks
Market risk

The Foundation has exposure to price risk, currency risk and interest rate risk on its fair-value investments, since the fair value of future cash flows may fluctuate because of changes in market prices, currency exchange rates, and interest rates, whether these changes are caused by factors specific to the investments or factors affecting all similar financial instruments traded in the market.

Credit risk

The Foundation's maximum exposure to credit risk is limited to the carrying amount of the financial assets on the statement of financial position.

The credit risk on cash and investments is limited because the counter parties are financial institutions with high credit ratings assigned by national credit rating agencies.

Royal University Hospital Foundation Inc.
Notes to financial statements
 March 31, 2020

9. Financial risks (continued)

Credit risk (continued)

The Foundation monitors and manages its credit risk on pledges receivable as disclosed in note 2.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable rate. The Foundation's approach to managing liquidity is to ensure that it matches grant payments to cash flows to ensure that it has sufficient cash flows to fund its operations and to meet its obligations when they come due, under normal and stressed conditions. The Foundation is not exposed to significant liquidity risk.

10. Interfund transfers

				2020	2019
	Operating	Designated	Endowment	Total	Total
Granting transfers	(2,700,000)	2,704,090	(4,090)	-	-
Transfers from endowments	-	39,206	(39,206)	-	-
	(2,700,000)	2,743,296	(43,296)	-	-

Funds raised by the Foundation through annual campaigns, capital campaigns, or donor-centred giving may be transferred from the Operating fund to the Designated Fund, to align with the grant payable.

Certain granting amounts are transferred from the Operating or Endowment funds to a Designated account. The signing authority on these accounts (either the Saskatchewan Health Authority or University of Saskatchewan) will determine the timing of expenditure of these funds.

The Foundation puts on events, the net proceeds of which may be designated to a certain Designated or Endowment fund in a particular year. In addition, the Foundation may from time to time designate the proceeds from the Hospital Home Lottery to a certain Designated or Endowment fund.

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11. Fund balances

The fund balances are broken down between internally restricted, externally restricted and unrestricted as follows:

				2020	2019
	Operating	Designated	Endowment	Total	Total
Externally restricted	-	2,399,061	15,021,731	17,420,792	18,286,938
Internally restricted	1,118,222	2,700,000	53,036	3,871,258	2,015,494
Unrestricted	834,540	-	-	834,540	831,186
	1,952,762	5,099,061	15,074,767	22,126,590	21,133,618

The externally restricted funds are restricted for use by specific Saskatchewan Health Authority or University of Saskatchewan departments. The use of these funds may be for patient care, education (including fellowships), or research (in the case of the Saskatchewan Health Authority), or for research or professorships (in the case of the University of Saskatchewan).

The internally restricted funds are restricted for the following purposes:

				2020	2019
	Operating	Designated	Endowment	Total	Total
Hospital department programs or capital	852,027	2,700,000	53,036	3,605,063	1,788,942
Gift Shop	266,195	-	-	266,195	226,552
	1,118,222	2,700,000	53,036	3,871,258	2,015,494

The endowment funds are broken down between capital and non- capital as follows:

	2020	2019
	Total	Total
Capital	14,583,858	15,247,066
Non-capital (undistributed non-capital investment earnings)	490,909	678,160
	15,074,767	15,925,226



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12. Commitments

Pledge commitments

The Foundation has received signed pledge agreements in the amount of \$1,100,000 (2019 - \$3,375,000) from donors which has not been recognized as revenue at year end. Payments of the amounts pledged is expected by the Foundation as follows:

	<u>2021</u>
Pledge commitments	<u>1,100,000</u>

The Foundation has been notified that it is the beneficiary in numerous estates. The timing and amount of these bequests are undeterminable and therefore no amounts are recorded or disclosed until the proceeds are received.

Funding commitments

The Foundation has the following cumulative funding commitments which have not been recorded as expenditures as of March 31, 2020. These commitments are expected to be fulfilled within the next year:

	<u>2021</u>
Saskatchewan Health Authority – Equipment	<u>1,000,000</u>
	<u>1,000,000</u>

13. Comparative figures

Certain of the comparative figures for the year ended March 31, 2020 have been reclassified to conform to the current year presentation.