

Royal University Hospital Foundation Inc.

Financial Statements

March 31, 2021



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, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

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

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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 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 25, 2021



Royal University Hospital Foundation Inc.

Statement of Financial Position

As at March 31, 2021

	2021			2020	
	Operating	Designated	Endowment	Total	Total
Assets					
Current assets					
Cash and cash equivalents	6,189,370	-	167,022	6,356,392	6,841,583
Pledges receivable - current (note 2)	292,770	579	-	293,349	99,194
Accounts receivable	1,182,516	-	-	1,182,516	105,401
Inventory	71,296	-	-	71,296	124,064
Due from other funds	1,105,447	2,298,985	-	3,404,432	706,465
Prepaid expenses	142,937	71,735	20,833	235,505	253,927
	8,984,336	2,371,299	187,855	11,543,490	8,130,634
Investments (note 3)	-	3,203,971	21,837,495	25,041,466	19,170,912
Other assets					
Planned giving	19,926	-	-	19,926	26,516
Pledges receivable - long term (note 2)	503,944	-	-	503,944	511,833
	523,870	-	-	523,870	538,349
Capital assets (note 4)	181,917	-	-	181,917	189,273
	9,690,123	5,575,270	22,025,350	37,290,743	28,029,168
Liabilities					
Current liabilities					
Accounts payable (note 5)	631,820	-	2,846	634,666	809,792
Accrued liabilities	266,892	-	-	266,892	90,496
Grants payable (note 5)	4,485,583	304,920	405,088	5,195,591	4,295,825
Due to other funds	-	-	3,404,432	3,404,432	706,465
	5,384,295	304,920	3,812,366	9,501,581	5,902,578
Fund Balances					
Fund balances (note 11)	4,305,828	5,270,350	18,212,984	27,789,162	22,126,590
	9,690,123	5,575,270	22,025,350	37,290,743	28,029,168

Commitments (note 12)

Approved by the Board of Directors

Jane Boychuk

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, 2021

				2021	2020
	Operating	Designated	Endowment	Total	Total
Revenue					
Donations	1,750,624	448,711	103,652	2,302,987	5,910,899
Bequests	2,185,018	-	-	2,185,018	1,966,444
Events - gross revenue & gift-in-kind (note 6)	207,404	-	-	207,404	409,069
Gift shop - gross revenue	93,646	-	-	93,646	298,984
Gaming- gross revenue (note 6)	2,731,828	-	-	2,731,828	1,422,218
Total fundraising revenue - gross	6,968,520	448,711	103,652	7,520,883	10,007,614
Investment income (loss) (note 3)	104,716	239,800	3,446,580	3,791,096	(425,696)
Management fees (note 3)	5,305	-	-	5,305	15,525
Other (note 7)	218,851	(54,703)	(164,148)	-	-
	7,297,392	633,808	3,386,084	11,317,284	9,597,443
Expenses					
Fundraising, events, and administrative (schedule A)	(2,070,760)	-	(93,267)	(2,164,027)	(2,389,770)
Net revenue available for granting	5,226,632	633,808	3,292,817	9,153,257	7,207,673
Grants (note 8)	(2,373,566)	(503,250)	(613,869)	(3,490,685)	(6,214,701)
Excess (deficiency) of revenue over expenses	2,853,066	130,558	2,678,948	5,662,572	992,972
Fund balances, beginning of year	1,952,762	5,099,061	15,074,767	22,126,590	21,133,618
Interfund transfers (note 10)	(500,000)	40,731	459,269	-	-
Fund balances, end of year (note 11)	4,305,828	5,270,350	18,212,984	27,789,162	22,126,590

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, 2021

				2021	2020
	Operating	Designated	Endowment	Total	Total
Cash provided by (used in)					
Operating activities					
Excess of revenue over expenses	2,853,066	130,558	2,678,948	5,662,572	992,972
Items not involving cash					
Amortization	21,382	-	-	21,382	20,503
Due to (from) other funds	(398,982)	(2,298,985)	2,697,967	-	-
Investment earnings re-invested (net of fee)	-	(82,341)	(3,561,228)	(3,643,569)	643,049
Change in value of planned giving assets	6,590	-	-	6,590	1,246
Donated artwork	-	-	-	-	(2,200)
	<u>2,482,056</u>	<u>(2,250,768)</u>	<u>1,815,687</u>	<u>2,046,975</u>	<u>1,655,570</u>
Net change in non-cash working capital items					
Decrease (increase) in pledges receivable	(185,687)	(579)	-	(186,266)	(319,767)
Decrease (increase) in accounts receivable	(1,077,115)	-	-	(1,077,115)	(1,733)
Decrease (increase) in inventory	52,768	-	-	52,768	(843)
Decrease (increase) in prepaid expenses	3,876	14,546	-	18,422	44,667
Increase (decrease) in accounts payable	(12,972)	(20,000)	(142,154)	(175,126)	46,380
Increase (decrease) in accrued liabilities	176,396	-	-	176,396	5,226
Increase (decrease) in grants payable	511,100	304,920	83,746	899,766	817,010
	<u>(531,634)</u>	<u>298,887</u>	<u>(58,408)</u>	<u>(291,155)</u>	<u>590,940</u>
	<u>1,950,422</u>	<u>(1,951,881)</u>	<u>1,757,279</u>	<u>1,755,820</u>	<u>2,246,510</u>
Investing activities					
Purchase of investments	-	(186,754)	(2,088,889)	(2,275,643)	(860,166)
Withdrawal from investments	-	9,295	39,363	48,658	39,206
Purchase of capital assets	(14,026)	-	-	(14,026)	(12,325)
	<u>(14,026)</u>	<u>(177,459)</u>	<u>(2,049,526)</u>	<u>(2,241,011)</u>	<u>(833,285)</u>
Net change in cash	1,936,396	(2,129,340)	(292,247)	(485,191)	1,413,225
Cash and cash equivalents - beginning of year	4,752,974	2,088,609	-	6,841,583	5,428,358
Interfund transfers (note 10)	(500,000)	40,731	459,269	-	-
Cash and cash equivalents - end of year	6,189,370	-	167,022	6,356,392	6,841,583

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, 2021

				2021	2020
	Operating	Designated	Endowment	Total	Total
Salaries and benefits	1,084,531	-	-	1,084,531	1,082,912
Event and gaming costs (note 7)	494,608	-	-	494,608	450,452
Gift Shop cost of sales and other costs (schedule B)	186,301	-	-	186,301	259,341
Fundraising and operations	242,596	-	-	242,596	445,046
Investment management fees	8,960	-	93,267	102,227	93,603
Professional fees and contract	53,764	-	-	53,764	58,416
	2,070,760	-	93,267	2,164,027	2,389,770

Royal University Hospital Foundation Inc.

Schedule B - Gift Shop Costs of Sales and Other Costs
for the year ended March 31, 2021

				2021	2020
	Operating	Designated	Endowment	Total	Total
Costs of sale, including packaging and buying	37,254	-	-	37,254	166,972
Inventory write-down	63,154	-	-	63,154	-
Salaries and benefits	69,471	-	-	69,471	64,256
Administrative costs, including amortization	16,422	-	-	16,422	28,113
	186,301	-	-	186,301	259,341

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



Royal University Hospital Foundation Inc.

Notes to financial statements

March 31, 2021

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

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

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

Donor-designated contributions are recognized as revenue of the Designated Fund or the Endowment Fund in the year received or receivable. All other restricted contributions are deferred and recognized as revenue of the Operating Fund in the same period(s) as the related expenses are incurred.

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.



Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2021

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

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.

Royal University Hospital Foundation Inc.
Notes to financial statements
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These estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future.

Measurement uncertainty

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. 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, 2021.

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 office space and support services 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 \$797,293 (2020 - \$611,027) of which \$278,863 is included in the current year's donation revenue. Amounts are due to the Foundation over the next one to nine years, as follows:

				2021	2020
	Operating	Designated	Endowment	Total	Total
2021	-	-	-	-	99,194
2022	292,770	579	-	293,349	175,000
2023	174,783	-	-	174,783	102,000
2024	135,353	-	-	135,353	102,000
2025	135,353	-	-	135,353	102,000
2026	15,020	-	-	15,020	15,020
2027-2031	43,435	-	-	43,435	15,813
	796,714	579	-	797,293	611,027

Additional amounts that have been pledged to the Foundation as of March 31, 2021 for the purpose of funding future grants are disclosed in note 12.

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2021
2. Pledges receivable (continued)

The pledges receivable balance as of March 31, 2021 includes \$101,667 related to gifts from Directors of the Foundation.

During the fiscal year, the Foundation incurred pledge losses of nil (2020 – nil).

3. Investments

	2021			2020
	Operating	Designated	Endowment	Total
Investment portfolios	-	3,203,971	21,837,495	25,041,466
Opening balance	-	2,944,171	16,226,741	19,170,912
Purchase of investments	-	186,754	2,088,889	2,275,643
Investment earnings re-invested (net of fees)	-	82,341	3,561,228	3,643,569
Withdrawal from investments	-	(9,295)	(39,363)	(48,658)
	-	3,203,971	21,837,495	25,041,466
				19,170,912

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 \$3,791,096 (2020 - \$(425,696)) consists of interest of \$313,625 (2020 - \$391,649), changes in fair value of investments of \$3,167,126 (2020 - \$(1,093,107)) and dividend income of \$310,645 (2020 - \$275,762). 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 \$735,644 (2020 - \$737,799). During the year, the Foundation earned investment income in lieu of a management fee of \$5,305 (2020 - \$15,525) on these funds. These trust funds are not included in these financial statements.

4. Capital assets

	2021		2020
	Cost	Accumulated amortization	Net
Computer equipment	30,751	(13,831)	16,920
Computer software	46,818	(46,818)	-
Gift Shop fixtures	70,286	(68,586)	1,700
Gift Shop improvements	109,888	(30,220)	79,668
Donated artwork	83,629	-	83,629
	341,372	(159,455)	181,917
			189,273

Amortization expense included in expenses is \$21,382 (2020 – \$20,503).

Royal University Hospital Foundation Inc.
Notes to financial statements
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5. Grants payable

At the end of the fiscal year, grants payable outstanding are \$5,195,591 (2020 - \$4,295,825). Included in this amount is the Foundation's commitment to pay to the Saskatchewan Health Authority or the University of Saskatchewan the following amounts:

	2021			2020
	Operating	Designated	Endowment	Total
Priority Capital equipment	4,076,899	250,000	72,997	3,729,282
Signature Grants	400,064	54,920	200,711	426,543
Education, Fellowships and Chairs	8,620	-	131,380	140,000
	4,485,583	304,920	405,088	4,295,825

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 \$500,622 (2020 - \$612,583) relating to grants that were invoiced by the Saskatchewan Health Authority as of March 31, 2021 and paid subsequent to year end.

6. Events and gaming revenue

	2021			2020
	Revenue	Expenses	Net	Net
Events				
Royal Ball	79,319	(6,350)	72,969	109,117
Greek Gourmet Feast	128,085	(65,615)	62,470	65,360
	207,404	(71,965)	135,439	174,477

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

	2021			2020
	Revenue	Expenses	Net	Net
Royal Ball	269	(269)	-	-
Greek Gourmet Feast	38,375	(38,375)	-	-
	38,644	(38,644)	-	-

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2021
6. Events and gaming revenue (continued)

			2021	2020
	Revenue	Expenses	Net	Net
Gaming				
Hospital Home Lottery	2,731,828	(422,643)	2,309,185	1,206,358

Included in the gaming revenue is Saskatchewan Charitable Gaming Grants in the amount of \$35,567 (2020 - \$39,378).

7. Other revenue

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

8. Grants

				2021	2020
	Operating	Designated	Endowment	Total	Total
Patient Care (including capital)	1,977,505	377,029	188,693	2,543,227	5,166,745
Research	277,989	92,333	41,667	411,989	623,946
Education, Fellowships and Chairs	118,072	33,888	383,509	535,469	424,010
	2,373,566	503,250	613,869	3,490,685	6,214,701

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, 2021

8. Grants (continued)

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

				2021	2020
	Operating	Designated	Endowment	Total	Total
Epilepsy Monitoring Unit	1,250,000	-	-	1,250,000	-
Surgery equipment	930,214	250,000	69,786	1,250,000	853,271
Research Chairs	-	-	350,000	350,000	349,840
Woman Leading Philanthropy	200,000	-	-	200,000	100,000
Fellowship Training	95,000	25,000	-	120,000	154,000
Medical Imaging equipment	-	-	-	-	1,238,370
Mental Health equipment	19,284	-	1,216	20,500	-
Colorectal Health Centre Pilot	-	-	-	-	500,000
Cardiac upgrades and equipment	-	-	-	-	238,663
Chronic Disease priorities	-	-	-	-	(15,000)
Laboratory equipment	(19,249)	-	-	(19,249)	-
Emergency and trauma priorities	(29,298)	-	-	(29,298)	200,859
Lecture Theatres	(89,863)	-	-	(89,863)	1,672,000
General non-clinical equipment and public space enhancements	(131,239)	-	-	(131,239)	287,105
Signature grants and donor-designated	148,717	228,250	192,867	569,834	635,593
	2,373,566	503,250	613,869	3,490,685	6,214,701

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, 2021

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

				2021	2020
	Operating	Designated	Endowment	Total	Total
Granting transfers	(500,000)	-	500,000	-	-
Transfers from endowments	-	40,731	(40,731)	-	-
	(500,000)	40,731	459,269	-	-

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:

	2021			2020
	Operating	Designated	Endowment	Total
Externally restricted	-	2,665,918	17,566,109	17,420,792
Internally restricted	3,324,813	2,604,432	646,875	3,871,258
Unrestricted	981,015	-	-	834,540
	4,305,828	5,270,350	18,212,984	22,126,590

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:

	2021			2020
	Operating	Designated	Endowment	Total
Hospital department programs or capital	2,351,273	2,604,432	646,875	3,605,063
Operating Reserve	800,000	-	-	-
Gift Shop	173,540	-	-	266,195
	3,324,813	2,604,432	646,875	3,871,258

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

	2021	2020
	Total	Total
Capital	17,722,431	14,583,858
Non-capital (undistributed non-capital investment earnings)	490,553	490,909
	18,212,984	15,074,767



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12. Commitments

Pledge commitments

The Foundation has received signed pledge agreements in the amount of \$1,000,000 (2020 - \$1,100,000) 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>2022</u>
Pledge commitments	<u>1,000,000</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>2022</u>
Saskatchewan Health Authority – Equipment	<u>1,000,000</u>
	<u>1,000,000</u>