

Royal University Hospital Foundation Inc.

Financial Statements
March 31, 2023



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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Royal University Hospital Foundation Inc. (the Foundation), which comprise the statement of financial position as at March 31, 2023, and the statement of revenue, expenses, and changes in fund balances, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023 and the 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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.

Other matter

The financial statement of Royal University Hospital Foundation Inc. for the year ended March 31, 2022 were audited by another practitioner who expressed an unmodified opinion on those financial statements on May 25, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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.

Chartered Professional Accountants

Saskatoon, Saskatchewan
May 24, 2023



Royal University Hospital Foundation Inc.

Statement of Financial Position

As at March 31, 2023

	2023			2022
	Operating	Designated	Endowment	Total
Assets				
Current assets				
Cash and cash equivalents	5,751,284	-	-	8,298,704
Pledges receivable - current (note 2)	202,305	115,949	-	298,527
Accounts receivable	130,771	-	-	46,542
Inventory	51,191	-	-	47,439
Due from other funds	3,811,702	757,025	-	4,111,510
Prepaid expenses	282,104	291,565	-	516,316
	10,229,357	1,164,539	-	13,319,038
Investments (note 3)	2,039,352	3,755,751	23,239,165	27,033,354
Other assets				
Planned giving	22,438	-	-	23,500
Pledges receivable - long term (note 2)	275,472	130,000	-	306,160
	297,910	130,000	-	329,660
Capital assets (note 4)	164,803	-	-	170,276
	12,731,422	5,050,290	23,239,165	40,852,328
Liabilities				
Current liabilities				
Accounts payable (note 5)	535,250	-	-	528,184
Accrued liabilities	121,645	-	-	150,394
Grants payable (note 5)	3,468,634	156,265	442,392	6,289,387
Due to other funds	-	-	4,568,727	4,111,510
	4,125,529	156,265	5,011,119	11,079,475
Fund Balances				
Fund balances (note 11)	8,605,893	4,894,025	18,228,046	29,772,853
	12,731,422	5,050,290	23,239,165	40,852,328

Commitments (note 12)

Approved by the Board of Directors

Haylyn Schroeder

Director

[Signature] *[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, 2023

	2023			2022
	Operating	Designated	Endowment	Total
Revenue				
Donations	1,410,490	556,109	100,323	2,066,922
Bequests	675,318	481,102	-	1,156,420
Events - gross revenue & gift-in-kind (note 6)	922,682	-	-	922,682
Gift shop - gross revenue	214,535	-	-	214,535
Gaming- gross revenue (note 6)	1,911,576	-	-	1,911,576
Total fundraising revenue - gross	5,134,601	1,037,211	100,323	6,272,135
Investment income (loss) (note 3)	334,388	(99,633)	(94,717)	140,038
Management fees (note 3)	27,307	-	-	27,307
Other (note 7)	192,446	(27,961)	(164,485)	-
	5,688,742	909,617	(158,879)	6,439,480
Expenses				
Fundraising, events, and administrative (schedule A)	(2,562,371)	-	(111,864)	(2,674,235)
Net revenue available for granting	3,126,371	909,617	(270,743)	3,765,245
Grants (note 8)	(864,307)	(550,787)	(395,040)	(1,810,134)
Excess (deficiency) of revenue over expenses	2,262,064	358,830	(665,783)	1,955,111
Fund balances, beginning of year	6,343,829	4,502,545	18,926,479	29,772,853
Interfund transfers (note 10)	-	32,650	(32,650)	-
Fund balances, end of year (note 11)	8,605,893	4,894,025	18,228,046	31,727,964

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, 2023

	2023			2022
	Operating	Designated	Endowment	Total
Cash provided by (used in)				
Operating activities				
Excess of revenue over expenses	2,262,064	358,830	(665,783)	1,955,111
Items not involving cash				
Amortization	14,496	-	-	14,496
Due to (from) other funds	(763,332)	306,115	457,217	-
Investment earnings re-invested (net of fee)	(105,563)	4,357	263,539	(1,533,364)
Change in value of planned giving assets	1,062	-	-	(3,574)
Gain on capital assets	(1,000)	-	-	(500)
Donated artwork	-	-	-	(925)
	1,407,727	669,302	54,973	2,132,002
Net change in non-cash working capital items				
Decrease (increase) in pledges receivable	120,961	(240,000)	-	192,606
Decrease (increase) in accounts receivable	(84,229)	-	-	1,135,974
Decrease (increase) in inventory	(3,752)	-	-	23,857
Decrease (increase) in prepaid expenses	(5,762)	(72,424)	20,833	(280,811)
Increase (decrease) in accounts payable	7,621	-	(555)	(106,482)
Increase (decrease) in accrued liabilities	(28,749)	-	-	(116,498)
Increase (decrease) in grants payable	(2,019,425)	(203,320)	649	1,093,796
	(2,013,335)	(515,744)	20,927	1,942,442
	(605,608)	153,558	75,900	2,406,151
Investing activities				
Purchase of investments	(4,838,089)	(289,208)	(75,900)	(627,669)
Withdrawal from investments	2,904,300	103,000	32,650	169,145
Proceeds of capital asset disposal	1,000	-	-	500
Purchase of capital assets	(9,023)	-	-	(5,815)
	(1,941,812)	(186,208)	(43,250)	(463,839)
Net change in cash	(2,547,420)	(32,650)	32,650	1,942,312
Cash and cash equivalents - beginning of year	8,298,704	-	-	6,356,392
Interfund transfers (note 10)		32,650	(32,650)	-
Cash and cash equivalents - end of year	5,751,284	-	-	8,298,704

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, 2023

	2023			2022
	Operating	Designated	Endowment	Total
Salaries and benefits	1,274,513	-	-	1,274,513
Event and gaming costs (note 6)	637,428	-	-	637,428
Gift Shop cost of sales and other costs (schedule B)	232,656	-	-	232,656
Fundraising and operations	334,291	-	-	334,291
Investment management fees	10,889	-	111,864	122,753
Professional fees and contract	72,594	-	-	72,594
	2,562,371	-	111,864	2,674,235
				2,338,395

Royal University Hospital Foundation Inc.

Schedule B - Gift Shop Costs of Sales and Other Costs for the year ended March 31, 2023

	2023			2022
	Operating	Designated	Endowment	Total
Costs of sale, including packaging and buying	131,322	-	-	131,322
Salaries and benefits	86,376	-	-	86,376
Administrative costs, including amortization	14,958	-	-	14,958
	232,656	-	-	232,656
				194,684

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



Royal University Hospital Foundation Inc.

Notes to financial statements

March 31, 2023

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.

Interfund balances

The due from the Operating fund to the Endowment fund of \$3,811,702 and the due from the designated fund to the Endowment fund of \$757,025 bear no interest, are unsecured and have no specific terms of repayment.

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.

Royal University Hospital Foundation Inc.**Notes to financial statements****March 31, 2023**

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.

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.

Royal University Hospital Foundation Inc.

Notes to financial statements

March 31, 2023

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.

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 \$723,726 (2022 - \$604,687) of which \$422,119 (2022 - \$143,796) is included in the current year's donation revenue. Amounts are due to the Foundation over the next one to eight years, as follows:

	2023			2022
	Operating	Designated	Endowment	Total
2023	-	-	-	298,527
2024	202,303	115,949	-	129,687
2025	142,020	110,000	-	118,020
2026	40,020	10,000	-	15,020
2027	40,020	10,000	-	15,020
2028	40,020	-	-	15,020
2029-2032	13,394	-	-	13,393
	477,777	245,949	-	604,687

Additional amounts that have been pledged to the Foundation as of March 31, 2023 for the purpose of funding future grants are disclosed in note 12.

The pledges receivable balance as of March 31, 2023 includes \$16,667 (2022 - \$58,334) related to gifts from Directors of the Foundation.

During the fiscal year, the Foundation incurred pledge losses of \$5,117 (2022 - \$nil).

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2023
3. Investments

	2023			2022
	Operating	Designated	Endowment	Total
Investment portfolios	2,039,352	3,755,751	23,239,165	27,034,268
Opening balance	-	3,573,900	23,459,454	27,033,354
Purchase of investments	4,838,089	289,208	75,900	5,203,197
Investment earnings (loss) re-invested (net of fees)	105,563	(4,357)	(263,539)	(162,333)
Withdrawal from investments	(2,904,300)	(103,000)	(32,650)	(3,039,950)
	2,039,352	3,755,751	23,239,165	27,034,268

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

Investment income (loss) of \$140,038 (2022 - \$1,709,672) consists of interest of \$686,776 (2022 - \$345,795), changes in fair value of investments of \$(888,396) (2022 - \$1,067,778) and dividend income of \$341,658 (2022 - \$296,099). 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 \$798,834 (2022 - \$802,191). During the year, the Foundation earned investment income in lieu of a management fee of \$27,307 (2022 - \$5,480) on these funds. These trust funds are not included in these financial statements.

4. Capital assets

	2023		2022
	Cost	Accumulated amortization	Net
Computer equipment	40,139	(29,808)	10,331
Computer software	29,783	(29,783)	-
Gift Shop fixtures	64,633	(63,395)	1,238
Gift Shop improvements	109,888	(41,208)	68,680
Donated artwork	84,554	-	84,554
	328,997	(164,194)	164,803

Amortization expense included in expenses is \$14,496 (2022 - \$18,381).

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2023
5. Grants payable

At the end of the fiscal year, grants payable outstanding are \$4,067,291 (2022 - \$6,289,387). The following amounts are payable to the Saskatchewan Health Authority or the University of Saskatchewan:

	2023			2022
	Operating	Designated	Endowment	Total
Priority Capital equipment	3,108,644	127,080	92,535	5,562,997
Signature Grants	320,091	9,185	219,491	586,640
Education, Fellowships and Chairs	39,899	20,000	130,366	139,750
	3,468,634	156,265	442,392	6,289,387

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 \$491,247 (2022 - \$499,387) relating to grants that were invoiced by the Saskatchewan Health Authority as of March 31, 2023 and paid subsequent to year end.

6. Events and gaming revenue

	2023			2022
	Revenue	Expenses	Net	Net
Events				
Royal Ball	293,561	(83,553)	210,008	63,989
FFUN Spirit Champions Golf Classic	325,429	(134,815)	190,614	137,484
Greek Gourmet Feast	303,692	(124,809)	178,883	-
	922,682	(343,177)	579,505	201,473

Included in the event revenue and expenses are gift-in-kind amounts of \$110,461.

	2023			2022
	Revenue	Expenses	Net	Net
Gaming				
Hospital Home Lottery	1,911,576	(294,251)	1,617,325	1,006,569

Included in the gaming revenue is Saskatchewan Charitable Gaming Grants in the amount of \$42,055 (2022 - \$37,727).

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2023
7. Other revenue

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

8. Grants

	2023			2022
	Operating	Designated	Endowment	Total
Patient Care (including capital)	605,391	302,940	128,783	1,037,114
Research	106,637	92,576	236,757	435,970
Education, Fellowships and Chairs	152,279	155,271	29,500	337,050
	864,307	550,787	395,040	1,810,134
				4,373,427

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 or 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.

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

	2023			2022
	Operating	Designated	Endowment	Total
Surgery and clinical equipment	553,513	248,289	-	801,802
Research Chairs	-	-	250,000	250,000
Woman Leading Philanthropy	100,000			100,000
Fellowship Training	120,500	100,000		220,500
General non-clinical equipment and public space enhancements	-	-	-	-
				(21,589)
Signature grants and donor-designated	90,294	202,498	145,040	437,832
	864,307	550,787	395,040	1,810,134
				4,373,427

Royal University Hospital Foundation Inc.**Notes to financial statements****March 31, 2023**

8. Financial risks**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price 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.

The Foundation considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks. Within the investment portfolios at March 31, 2023, the Foundation held \$465,164 of investments in US dollars.

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The Foundation is exposed to changes in interest rates related to its investments in marketable securities. The Foundation's primary objective is to ensure the protection of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return. Treasury risk management policies specify various investment parameters including eligible types of investment, maximum maturity dates, maximum exposure by counterparties and maximum credit ratings.

The Foundation mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investments in quoted shares.

The Foundation manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

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.

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.

Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2023
9. Interfund transfers

	2023			2022
	Operating	Designated	Endowment	Total
Transfers from endowments	-	32,650	(32,650)	-
	-	32,650	(32,650)	-

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.

10. Fund balances

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

	2023			2022
	Operating	Designated	Endowment	Total
Externally restricted	-	2,889,237	17,524,651	20,413,888
Internally restricted	8,141,958	2,004,788	703,395	10,850,141
Unrestricted	463,935	-	-	463,935
	8,605,893	4,894,025	18,228,046	31,727,964
				29,772,853

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).



Royal University Hospital Foundation Inc.
Notes to financial statements
March 31, 2023

10. Fund balances (continued)

The internally restricted funds are restricted for the following purposes:

	2023			2022
	Operating	Designated	Endowment	Total
Hospital department programs or capital	6,686,175	2,004,788	703,395	9,394,358
Operating Reserve	1,324,517	-	-	1,324,517
Gift Shop	131,266	-	-	131,266
	8,141,958	2,004,788	703,395	10,850,141
				8,770,779

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

	2023	2022
	Total	Total
Capital	17,596,485	18,486,125
Non-capital (undistributed non-capital investment earnings)	631,562	440,354
	18,228,046	18,926,479

11. Commitments

Pledge commitments

The Foundation has received signed pledge agreements in the amount of \$nil (2022 - \$nil) from donors which has not been recognized as revenue at year end.

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 does not have any funding commitments outside its normal operations which have not been recorded as expenditures as of March 31, 2023.

Other commitments

The Foundation is committed to future payments under a multi-year contract for database services. At March 31, 2023 the total future commitment is \$67,562 with \$33,781 payable in May 2023 and \$33,781 payable in May 2024.