



HOSPITALS OF REGINA®
FOUNDATION

Better lives. Made possible by you.

**Financial Statements of
HOSPITALS OF REGINA FOUNDATION INC.**

For the year ended December 31, 2020

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Hospitals of Regina Foundation Inc. are the responsibility of management. Management has prepared the financial statements in accordance with Canadian accounting standards for not-for-profit organizations. The Foundation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, accurate and complete in all material respects, and that the Foundation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit and Finance Committee, whose members are appointed by the Board. The Audit and Finance Committee meets with management and the external auditors to discuss internal controls over the financial reporting process, audit findings, financial reporting issues, and to satisfy itself that each party has properly discharged its responsibilities. The Audit and Finance Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the members in the annual report.



Dino Sophocleous, CFRE
President & CEO
March 17, 2021



KPMG LLP
Hill Centre Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada
Telephone (306) 791-1200
Fax (306) 757-4703

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hospitals of Regina Foundation Inc.

Opinion

We have audited the financial statements of Hospitals of Regina Foundation Inc. (the Foundation), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.
- 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

Regina, Canada
March 17, 2021

HOSPITALS OF REGINA FOUNDATION INC.
Statement of Financial Position

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

	General Fund	Endowment and Special Purpose Funds	Total 2020	Total 2019
Assets				
Current assets				
Cash	\$ 635,597	\$ -	\$ 635,597	\$ 232,477
Short-term investments (note 5)	25,566,106	-	25,566,106	23,009,099
Accounts receivable	44,595	-	44,595	76,004
Lottery showhome deposits	750,000	-	750,000	250,000
Prepaid expenses	95,217	-	95,217	79,348
Pledges receivable (note 3)	1,343,997	-	1,343,997	1,618,786
Planned giving receivable (note 4)	913,889	-	913,889	977,764
Due from (to) other funds	176,757	(176,757)	-	-
	29,526,158	(176,757)	29,349,401	26,243,478
Investments (note 5 and 9)	13,953,735	9,138,554	23,092,289	19,811,959
Tangible capital assets (note 6)	186,641	-	186,641	206,043
	\$ 43,666,534	\$ 8,961,797	\$ 52,628,331	\$ 46,261,480
Liabilities, deferred contributions and net assets				
Liabilities				
Accounts payable	\$ 738,770	\$ -	\$ 738,770	\$ 861,560
Deferred contributions				
Deferred pledge revenue (note 3)	1,343,997	-	1,343,997	1,618,786
Deferred planned gifts (note 4)	913,889	-	913,889	977,764
	2,257,886	-	2,257,886	2,596,550
Net assets				
Investment in tangible capital assets	186,641	-	186,641	206,043
Operating reserve	2,000,000	-	2,000,000	1,000,000
Designated funds	38,483,237	-	38,483,237	33,569,525
Endowment and special purpose funds	-	8,961,797	8,961,797	8,027,802
	40,669,878	8,961,797	49,631,675	42,803,370
Commitments (notes 8 and 10)				
	\$ 43,666,534	\$ 8,961,797	\$ 52,628,331	\$ 46,261,480

See accompanying notes to the financial statements

Approved by the Board:



Director



Director

HOSPITALS OF REGINA FOUNDATION INC.
Statement of Operations and Changes in Net Assets

For the year ended December 31, 2020 with comparative information for the year ended December 31, 2019

	Investment in Capital Assets	Operating Reserve	Designated Funds	Endowment and Special Purpose Funds	2020	2019
Revenue:						
Charitable giving	\$ -	\$ -	\$ 4,069,074	\$ -	\$ 4,069,074	\$ 7,589,425
Charitable gaming (note 7)	-	-	4,178,438	-	4,178,438	4,172,041
Investment income	-	74,620	1,148,215	652,529	1,875,364	682,420
Unrealized gains on investments	-	7,595	403,229	284,915	695,739	1,984,567
	-	82,215	9,798,956	937,444	10,818,615	14,428,453
Expenses:						
Direct fundraising costs	-	-	143,009	-	143,009	339,427
Administration	45,656	-	321,572	-	367,228	395,508
Communications and marketing	-	-	54,606	-	54,606	83,639
Salaries and benefits (note 14)	-	-	1,116,215	-	1,116,215	1,290,692
	45,656	-	1,635,402	-	1,681,058	2,109,266
Excess (deficiency) of revenue over expenses	(45,656)	82,215	8,163,554	937,444	9,137,557	12,319,187
Net assets, beginning of year	206,043	1,000,000	33,569,525	8,027,802	42,803,370	34,282,093
Transfers	26,254	917,785	(944,039)	-	-	-
Distributions to Saskatchewan Health Authority (note 10)	-	-	(2,305,803)	(3,449)	(2,309,252)	(3,797,910)
Net assets, end of year	\$ 186,641	\$ 2,000,000	\$ 38,483,237	\$ 8,961,797	\$ 49,631,675	\$ 42,803,370

See accompanying notes to the financial statements

HOSPITALS OF REGINA FOUNDATION INC.
Statement of Cash Flows

For the year ended December 31, 2020, with comparative information for the year ended December 31, 2019

	2020	2019
Cash provided by (used for)		
Operations:		
Excess of revenue over expenses	\$ 9,137,557	\$ 12,319,187
Items not involving cash:		
Amortization of tangible capital assets	45,656	49,585
Net change in fair value of investments	(2,637,337)	(2,658,429)
Change in non-cash operating items:		
Accounts receivable	31,409	97,548
Lottery showhome deposits	(500,000)	325,000
Prepaid expenses	(15,869)	(29,375)
Accounts payable	(122,790)	330,929
	5,938,626	10,434,445
Investing:		
Net purchases of investments	(3,200,000)	(6,950,000)
Purchases of tangible capital assets	(26,254)	(33,819)
	(3,226,254)	(6,983,819)
Financing:		
Distributions to Saskatchewan Health Authority	(2,309,252)	(3,797,910)
Increase (decrease) in cash	403,120	(347,284)
Cash, beginning of year	232,477	579,761
Cash, end of year	\$ 635,597	\$ 232,477

See accompanying notes to the financial statements

For the year ended December 31, 2020

1. Nature of the Organization

The Hospitals of Regina Foundation Inc. (the "Foundation") was incorporated in 1987 under the provisions of the *Non-Profit Corporations Act (Saskatchewan)*. The Foundation solicits, manages and distributes funds for the purchase of medical equipment, education and research to the benefit of patients served by the Regina General Hospital, the Pasqua Hospital and the Wascana Rehabilitation Centre, all of which operate under the authority of the Saskatchewan Health Authority (the "Authority").

2. Significant Accounting Policies

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The most significant policies are as follows:

(a) Coronavirus (COVID-19) impact assessment:

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The current challenging climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the Foundation's operating results and financial position both in the current year and in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Foundation is not known at this time. The Foundation has applied for and received financial assistance from the Government of Canada under the Canadian Emergency Wage Subsidy (note 14).

(b) Fund Accounting and Reserves:

The accounts of the Foundation are reported in accordance with the restricted fund method. A fund is defined as a self-balancing accounting entity established to report the assets held against the capital of the fund or against monies received for specific designated purposes. The following funds are maintained by the Foundation:

The General Fund accounts for the Foundation's fundraising, administrative and capital asset activities. The fund reports unrestricted resources and designated funds that are to be used for the purposes of which the funds were given.

The Endowment and Special Purpose Fund reports donations contributed for endowment and donations allocated for long-term special purposes, less authorized withdrawals for equipment, educational or research purposes.

Reserves

Within the General Fund, externally restricted funds received from donors are shown as designated funds.

In 2020, the Board of Directors approved to increase the operating reserve fund, within the General Fund, from \$1,000,000 to \$2,000,000. The operating reserve is set aside to stabilize the Foundation's finances by providing a cushion against unexpected events, losses of revenue, and large unbudgeted expenses. Fund balances and their adequacy will be reviewed on an annual basis. This internally restricted amount is not available for other purposes without approval by the Board of Directors.

(c) Revenue Recognition:

The Foundation records donor pledges and irrevocable bequests as assets in the General Fund representing the right to receive funds at a future date as specified by the donor. Amounts are recognized in revenue when received.

Gifts-in-kind are recorded in revenue at fair value as at the date tendered by the donor. Donations of materials are recorded in revenue at fair value when they otherwise would have been purchased and when fair value can reasonably be estimated, as at the date received.

2. Significant Accounting Policies (continued)

(c) Revenue Recognition (continued)

Contributions for endowments are recognized as revenue in the Endowment and Special Purpose Fund. Investment income that is earned on assets of the Endowment and Special Purpose Fund and that must be used in accordance with conditions imposed by the donor is recognized as revenue of the donor-restricted fund the date it was earned.

The Foundation raises funds through two lotteries conducted under lottery licenses issued by the Saskatchewan Liquor and Gaming Authority. These financial statements reflect the results of the lotteries which ended within the fiscal year 2020.

Special event revenue is recognized on completion of the event and reported under charitable giving.

Planned gifts include insurance policies irrevocably pledged to the Foundation and bequests. Insurance policies of which the Foundation is the irrevocable beneficiary are recorded at the fair value of the policy. Funds to be received through bequests are recognized at fair value upon receipt of formal legal notification.

All of the Foundation's investments have been measured at fair value, whereby changes in fair value are recognized immediately in revenue. Investment income is recognized on the accrual basis.

(d) Tangible Capital Assets:

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Amortization is provided on a declining-balance basis over the assets' estimated useful lives, varying from 3 to 10 years. Amortization expense is charged directly to Investment in capital assets reserve.

(e) Financial Assets and Liabilities:

Financial instruments are recorded at fair value on initial recognition. Subsequently, investments are accounted for at their fair values, which are determined based on closing market values at year-end. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method. Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial assets. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial assets or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Income Taxes

The Foundation is a registered charity and no income taxes are payable on reported income under paragraph 149(1) (f) of the *Income Tax Act*.

(g) Volunteer Services:

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its fundraising activities. Because of the difficulty of determining their fair values, these volunteer services are not recognized in the financial statements.

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements

For the year ended December 31, 2020

2. Significant Accounting Policies (continued)

(h) Government Assistance:

Government assistance includes assistance towards current expenses and revenues and is recognized as a reduction to the related expense incurred during the period.

(i) 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 affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the valuation of pledges receivable and investments. Actual results could differ from those estimates.

3. Pledges Receivable and Deferred Pledge Revenue

	2020		2019	
2020	\$	-	\$	630,786
2021		623,497		-
thereafter		720,500		988,000
	\$	1,343,997	\$	1,618,786

Pledges have been designated as follows:

	2020		2019	
Trauma campaign	\$	40,000	\$	80,000
Surgical campaign		300,000		400,000
Cardiac Care campaign		606,009		808,049
Other equipment purchases and general support		397,988		330,737
	\$	1,343,997	\$	1,618,786

4. Planned Giving Receivable and Deferred Planned Gifts

	2020		2019	
Insurance policies	\$	205,889	\$	205,889
Bequests		708,000		771,875
	\$	913,889	\$	977,764

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements

For the year ended December 31, 2020

5. Investments

	2020	2019
Short-term investments:		
Savings deposits	\$ 21,891,646	\$ 19,489,418
Pooled fixed income funds	3,674,460	3,519,681
	25,566,106	23,009,099
Long-term investments		
Pooled equity funds	10,018,567	8,784,250
Pooled fixed income funds	13,073,722	11,027,709
	23,092,289	19,811,959
	\$ 48,658,395	\$ 42,821,058

The Foundation's short-term investments are comprised of saving deposits bearing a floating rate of interest (2019 – floating rate of interest) and pooled fixed income funds. The long-term investments are comprised of pooled equity funds and pooled fixed income funds. The Foundation's investments in pooled funds have no fixed maturity dates and fund returns are based on the success of the fund managers.

6. Tangible Capital Assets

			2020	2019
	Cost	Accumulated Amortization	Carrying Value	Carrying Value
Computer hardware and software	\$ 187,507	\$ 148,965	\$ 38,542	\$ 28,572
Donor recognition centers	367,072	284,173	82,899	103,623
Furniture and equipment	169,014	132,084	36,930	38,510
Leasehold improvements	261,698	233,428	28,270	35,338
	\$ 985,291	\$ 798,650	\$ 186,641	\$ 206,043

7. Charitable Gaming Revenue

	2020	2019
Lottery revenue	\$ 11,185,474	\$ 11,054,183
Lottery expenses		
Prizes	4,638,301	4,429,394
Marketing and administration	2,468,735	2,552,748
	4,078,438	4,072,041
Provincial Gaming Grant	100,000	100,000
	\$ 4,178,438	\$ 4,172,041

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements

For the year ended December 31, 2020

8. Commitments

The Foundation is committed under an operating lease which was renewed subsequent to year-end for a five-year extension ending March 31, 2026. Annual payments for the next five years total:

2021 – \$	107,932
2022 – \$	100,742
2023 – \$	100,742
2024 – \$	100,742
2025 – \$	100,742

The Foundation lottery program main prizes are committed for in advance. The total commitment as at December 31, 2020 is \$2,939,775 (2019 - \$1,280,000).

9. Endowments and Special Purpose Funds

Endowments are established for specific donor-designated purposes, subject to the concurrence of the Foundation and a prescribed minimum donation amount. The Foundation will also designate funds received for similar special purposes. Investment income is to be used only for these purposes and as specified by agreement with the donor and/or the special purpose of the fund.

	Endowment Capital	Designations and Earnings	Fund Balance 2020	Fund Balance 2019
MRI	\$ 1,450,787	\$ 2,337,196	\$ 3,787,983	\$ 3,388,140
Fleming Medical Education	698,952	1,094,902	1,793,854	1,604,502
Caring for Life	396,265	1,143,033	1,539,298	1,376,816
Schmirler (NICU)	137,324	361,297	498,621	445,988
GI / Endoscopy	153,490	378,169	531,659	479,006
Cardiac Care	169,445	292,022	461,467	412,756
Nursing Research	-	190,162	190,162	170,089
Nuclear Pharmacy	21,240	49,386	70,626	63,170
Mcintosh Veterans'	-	264,884	264,884	236,925
	\$ 3,027,503	\$ 6,111,051	\$ 9,138,554	\$ 8,177,392

10. Distributions to Saskatchewan Health Authority

The Foundation has a policy of disbursing funds to the Saskatchewan Health Authority once a purchase order or other appropriate documentation denoting a firm commitment to purchase equipment or to fund medical research or education has been received by the Foundation from the Authority.

There can be a delay from the time at which a commitment to provide funding is made to the time at which funding for equipment, research or education is actually made. Approved funding commitments of \$7,691,505 were outstanding at December 31, 2020 (2019 - \$5,007,055).

11. Financial Risk and Concentration of Risk

The Foundation faces certain financial risks such as interest rate, credit risk and liquidity risk which can impact its financial performance.

Interest Rate Risk

The Foundation is exposed to interest rates with respect to its certain investments. Financial instruments are not used for trading or speculative purposes. The Foundation mitigates risk associated with these financial instruments through the Foundation's established investment policy. There has been no change in the risk exposure from 2019.

Credit Risk

The Foundation's cash, accounts receivable, planned giving receivable, pledges receivable and certain investments are not subject to any significant concentration of credit risk. The carrying amounts of financial assets in the statement of financial position represent the Foundations maximum credit exposure at the statement of financial position date. The credit risk on cash is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

Credit risk within investments is primarily related to savings deposits and money market fund. The Board has developed investment guidelines that limit debt instruments to those of high credit quality along with limits to the maximum notional amount of exposure. There has been no change in the risk exposures from 2019.

Liquidity Risk

The Foundation manages its liquidity risk by maintaining adequate cash and investments, preparing operating budgets and reviewing the cash flow needs of the Foundation on a regular basis. There has been no change in the risk exposures from 2019.

Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's pooled equity fund investments are subject to risks arising from changes in market conditions. There has been no change in the risk exposure from 2019.

12. Fair Values

For the following financial assets and liabilities, carrying amounts approximate fair value due to their immediate or short-term nature: cash, accounts receivable, lottery showhome deposits, pledges receivable, and accounts payable.

The fair value of planned giving receivable has been omitted because it is not practical to determine fair value with sufficient reliability.

13. Related Party Transactions

The Foundation provides donations of funds to the Saskatchewan Health Authority for the benefit of the Regina General Hospital, Pasqua Hospital and Wascana Rehabilitation Centre. These donations allow the Authority to purchase medical equipment and to fund medical education and research.

The Foundation has purchased services from companies in which Board members are owners, partners or senior managers in the amount of \$79,042 (2019 - \$99,923).

14. Canadian Emergency Wage Subsidy

The Foundation has applied for financial assistance during the year from the Canadian government under the Canada Emergency Wage Subsidy (CEWS) amounting to \$254,430. The CEWS is government assistance and has been recognized as a reduction to salaries and benefits expense for the year.

15. Comparative information

Certain comparative information have been re-classified to conform with the financial statement presentation adopted for the current year.