

**The Children's Hospital  
Foundation of Manitoba, Inc.**

Consolidated Financial Statements  
**March 31, 2024**



## Independent auditor's report

To the Members of The Children's Hospital Foundation of Manitoba, Inc.

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### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Children's Hospital Foundation of Manitoba, Inc. and its subsidiaries (together, the Foundation) as at March 31, 2024 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 consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2024;
- the consolidated statement of operations and changes in fund balances for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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### 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 consolidated 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 consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated 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.

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Foundation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Winnipeg, Manitoba  
June 12, 2024

# The Children's Hospital Foundation of Manitoba, Inc.

## Consolidated Statement of Financial Position

As at March 31, 2024

	2024 \$	2023 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	6,096,317	2,153,106
Short-term investments (note 4)	2,133,571	5,100,618
Accounts receivable	1,296,937	502,047
Prepaid expenses	219,185	241,069
Inventory	4,825	5,739
	<u>9,750,835</u>	<u>8,002,579</u>
<b>Investments</b> (note 4)	39,885,569	36,667,975
<b>Capital assets</b> (note 5)	<u>7,974,665</u>	<u>8,750,893</u>
	<u>57,611,069</u>	<u>53,421,447</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	1,485,008	1,186,593
Grants payable	6,388,844	4,712,964
Deferred revenue	134,604	130,367
	<u>8,008,456</u>	<u>6,029,924</u>
<b>Fund Balances</b>		
<b>Unrestricted</b>		
Operating Fund	4,401,321	3,430,578
<b>Externally restricted</b>		
Endowment Fund	6,650,526	6,068,994
Designated Fund	18,304,738	16,869,695
<b>Internally restricted</b>		
Child Health Research Fund (note 7)	9,905,728	9,905,728
Children's Hospital Fund	2,365,635	2,365,635
Funds Invested in Capital Assets (note 8)	7,974,665	8,750,893
	<u>49,602,613</u>	<u>47,391,523</u>
	<u>57,611,069</u>	<u>53,421,447</u>
<b>Commitments</b> (note 12)		
<b>Approved by the Board of Directors</b>		
	Chair	
Michael Holmes		Vice-Chair
	Laura Matlashewski	

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

**The Children's Hospital Foundation of Manitoba, Inc.**  
**Consolidated Statement of Operations and Changes in Fund Balances**  
**For the year ended March 31, 2024**

							2024	2023
	Unrestricted	Externally restricted		Internally restricted				
	Operating Fund	Endowment Fund	Designated Fund	Child Health Research Fund	Children's Hospital Fund	Funds Invested in Capital Assets	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Donations and fundraising revenue	5,619,887	133,990	5,458,850	-	-	-	11,212,727	10,873,147
Lottery proceeds	650,542	-	-	-	-	-	650,542	559,304
Other revenue	1,250,215	-	-	-	-	-	1,250,215	1,303,305
Investment income (note 4)	3,116,372	625,157	-	-	-	-	3,741,529	854,535
	10,637,016	759,147	5,458,850	-	-	-	16,855,013	13,590,291
<b>Expenses</b>								
Administrative expenses (note 6)	1,313,455	-	-	-	-	-	1,313,455	1,180,680
Fundraising								
Direct expenses	806,668	-	-	-	-	-	806,668	687,238
Indirect expenses	1,998,001	-	-	-	-	-	1,998,001	2,065,710
	4,118,124	-	-	-	-	-	4,118,124	3,933,628
Disbursements and granting activities								
Amortization	-	-	-	-	-	1,026,474	1,026,474	997,144
Disbursements	-	-	5,055	-	-	-	5,055	28,271
Grants to Children's Hospital (note 6)	(71,445)	-	3,515,203	-	-	-	3,443,758	925,736
Grants in aid of research (note 6)	4,900,524	-	1,149,988	-	-	-	6,050,512	5,244,447
	4,829,079	-	4,670,246	-	-	1,026,474	10,525,799	7,195,598
<b>Excess of revenue over expenses</b>	1,689,813	759,147	788,604	-	-	(1,026,474)	2,211,090	2,461,065
<b>Fund balances – Beginning of year</b>	3,430,578	6,068,994	16,869,695	9,905,728	2,365,635	8,750,893	47,391,523	44,930,458
<b>Investment in capital assets</b>	(250,246)	-	-	-	-	250,246	-	-
<b>Interfund transfers (note 11)</b>	(468,824)	(177,615)	646,439	-	-	-	-	-
<b>Fund balances – End of year</b>	4,401,321	6,650,526	18,304,738	9,905,728	2,365,635	7,974,665	49,602,613	47,391,523

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

# The Children's Hospital Foundation of Manitoba, Inc.

## Consolidated Statement of Cash Flows

For the year ended March 31, 2024

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	2024	2023
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	2,211,090	2,461,065
Items not affecting cash		
Amortization	1,026,474	997,144
Realized and unrealized gains on investments – net	(3,425,418)	(645,309)
	(187,854)	2,812,900
Change in non-cash working capital items	1,206,440	(1,725,141)
	1,018,586	1,087,759
<b>Investing activities</b>		
Redemptions (purchase) of investments	3,174,871	(4,680,008)
Purchase of capital assets	(250,246)	(186,539)
	2,924,625	(4,866,547)
<b>Increase (decrease) in cash during the year</b>	3,943,211	(3,778,788)
<b>Cash – Beginning of year</b>	2,153,106	5,931,894
<b>Cash – End of year</b>	6,096,317	2,153,106

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

# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

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### 1 Purpose of the organization

The Children's Hospital Foundation of Manitoba, Inc. (the Foundation) is an independent agency whose purpose is to raise and distribute funds for the advancement of knowledge and care in the fields of child health and child health research and thereby contribute to the improved health of children everywhere.

The Foundation is a registered charity under the Income Tax Act (Canada) and accordingly is exempt from income taxes.

### 2 Basis of presentation

These consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

These consolidated financial statements include the assets and liabilities and results of operations of the Foundation and Children's Hospital Research Institute of Manitoba, Inc. (the Institute) and Children's Hospital Book Market, Inc. (the Book Market), both of which are organizations under the Foundation's common control.

### 3 Summary of significant accounting policies

#### Fund accounting

For financial reporting purposes, the accounts have been classified into the following funds:

The *Operating Fund* accounts for the Foundation's fundraising and administrative activities. This fund reports unrestricted resources.

The *Endowment Fund* reports resources contributed as endowment capital. Contributions to the Endowment Fund are invested by the Foundation in accordance with its Statement of Investment Policies, whereby, the capital of the Fund will be maintained, and the annual income earned will be allocated and added to the endowment capital to support the desired research, equipment and program funding, based on the restrictions imposed by contributors of the endowment.

The *Designated Fund* is to be used for the purchase of equipment as well as to provide funds for pediatric education and research.

The *Child Health Research Fund* is comprised of several subsidiary funds established for the purpose of supporting pediatric research:

- The *Pediatric Research Fund* is to be used for pediatric research purposes.



# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

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- The *Research Facilities Building Fund* was established for the construction and maintenance of the Foundation's interest in the John Buhler Research Centre.
- The *Research Facilities Equipment Fund* was established to support the purchase and maintenance of research equipment needs of the Foundation's interest in the John Buhler Research Centre.

The *Children's Hospital Fund* was established with funds from the Children's Hospital to be used for future program needs and purchases of equipment for the hospital.

The *Funds Invested in Capital Assets* reports the Foundation's investment of resources in long-term capital assets.

### **Cash**

Cash consists of cash on hand and cash held at banking institutions.

### **Inventory**

Inventory is valued at the lower of invoice cost and net realizable value.

### **Investments**

Current investments consist of guaranteed investment certificates (GICs), which have a maturity date within the next fiscal year, and other short-term liquid investments.

Long-term investments consist of pooled funds with unrealized gains and losses, dividends and interest included in investment income of the appropriate fund. Purchases and sales of investments are recognized using trade date accounting. Management fees attributable to the investments are included in administrative expenses.

### **Capital assets**

Purchased capital assets are recorded at original cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the useful lives of the assets as follows:

Office and research equipment	5 years
Computer equipment	3 years
Office furniture	10 years
Leasehold improvements	10 years
Research building	25 years

In the year of acquisition, amortization is taken on half of the original cost.

# **The Children's Hospital Foundation of Manitoba, Inc.**

## Notes to Consolidated Financial Statements

**March 31, 2024**

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### **Revenue recognition**

The Foundation follows the restricted fund method of accounting for revenue. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the appropriate restricted fund when received. Revenue from the sale of goods is recognized at the time of sale. Investment income is recognized when earned and allocated to certain funds at the discretion of the Board of Directors (the Board).

### **Government grants**

Government grants are recognized when there is reasonable assurance that the Foundation has complied with the conditions associated with the relevant government program and are recognized in other revenue.

### **Research grants**

The entire amount of research grants to qualified recipients is reflected as an expense in the fiscal year in which the grants are approved and committed.

### **Contributed services**

Volunteers are an integral part of carrying out the activities of the Foundation. Contributed services are not recognized in the consolidated financial statements due to the difficulty in determining fair market value.

### **Interfund transfers**

The transfer of funds between unrestricted and internally restricted funds is based on the terms of reference for each of the funds and is approved by the Board where applicable.

### **Allocation of expenses**

Certain administrative expenses are allocated to fundraising activities and disbursements and granting activities based on the proportionate amount of time spent on those functions.

### **Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

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### Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the consolidated statement of operations and changes in fund balances in the year incurred.

Financial assets measured at amortized cost include cash, accounts receivable and short-term investments.

Financial liabilities measured at amortized cost include research grants payable and accounts payable and accrued liabilities.

Financial assets measured at fair value include investments in pooled funds and other equity investments with fair value determined by reference to the latest closing transactional net asset value of each respective pooled fund.

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

### 4 Investments

	2024 \$	2023 \$
Short-term		
GICs	2,133,571	5,100,618
Long-term		
Canadian equity funds	9,253,596	8,507,700
Fixed income funds	12,353,317	10,575,197
Canadian mortgage fund	1,815,058	2,144,732
Foreign equity funds	12,297,351	11,954,889
Emerging markets fund	628,580	658,550
Real estate fund	3,537,667	2,826,907
Total pooled funds	39,885,569	36,667,975

# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

Included in investment income is the following:

			2024	2023
	Operating Fund \$	Endowment Fund \$	Net \$	Net \$
Realized and unrealized gains on investments	2,797,207	625,157	3,422,364	655,115
Investment income	319,165	-	319,165	199,420
	3,116,372	625,157	3,741,529	854,535

### 5 Capital assets

			2024	2023
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office and computer equipment	414,101	358,402	55,699	97,640
Office furniture	548,411	237,162	311,249	302,321
Leasehold improvements	666,435	330,244	336,191	392,183
Research equipment	4,180,827	4,009,304	171,523	30,659
Research computer equipment	479,008	479,008	-	-
Research facility improvements	1,421,443	1,421,443	-	-
Research building	20,702,195	13,602,192	7,100,003	7,928,090
	28,412,420	20,437,755	7,974,665	8,750,893

### 6 Government remittances

Government remittances consist of amounts required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, \$nil (2023 – \$nil) is included in accounts payable and accrued liabilities.

In the prior year, a reversal of \$398,417 was recorded through direct and indirect fundraising expenses to reflect the recovery of a tax ruling by Manitoba Finance.

# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

### 7 Child Health Research Fund

	<b>2024</b>			<b>2023</b>	
	<b>Pediatric Research Fund \$</b>	<b>Research Facilities Building Fund \$</b>	<b>Research Facilities Equipment Fund \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Fund balance – Beginning of year</b>	9,444,724	461,004	-	9,905,728	9,936,958
Investment in capital assets	-	-	-	-	-
Interfund transfers	-	-	-	-	(31,230)
<b>Fund balance – End of year</b>	<b>9,444,724</b>	<b>461,004</b>	<b>-</b>	<b>9,905,728</b>	<b>9,905,728</b>

### 8 Funds Invested in Capital Assets

	<b>2024</b>			<b>2023</b>	
	<b>Research \$</b>	<b>Other \$</b>	<b>Total \$</b>	<b>Total \$</b>	
<b>Fund balance – Beginning of year</b>	8,275,592	475,301	8,750,893	9,561,498	
Purchase of capital assets – net	239,716	10,530	250,246	186,539	
	8,515,308	485,831	9,001,139	9,748,037	
Amortization of capital assets	1,004,919	21,555	1,026,474	997,144	
<b>Fund balance – End of year</b>	<b>7,510,389</b>	<b>464,276</b>	<b>7,974,665</b>	<b>8,750,893</b>	

### 9 Allocation of expenses

The Foundation has allocated certain administrative expenses to indirect expenses based on the proportionate amount of time spent on indirect fundraising activities.

	<b>2024 \$</b>	<b>2023 \$</b>
Indirect expenses	122,646	132,196

### 10 Risk management

The Foundation manages risk and risk exposures by applying policies approved by the Board.

# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

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### **Credit risk**

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Foundation is exposed to credit risk in its receivables and investments. The Foundation has an investment committee and policy that restricts the investing activities to quality investments in select market indices. Equity and fixed income securities are held in pooled funds. The Foundation, in the normal course of operations, is exposed to credit risk from its accounts receivables. The short-term nature of these receivables mitigates this risk.

### **Interest rate risk**

Interest rate risk refers to the adverse consequences of interest rate fluctuations on the Foundation's cash flows, financial position and revenue. Certain of the Foundation's investments are subject to changes in interest rates.

### **Market rate risk**

- Currency risk

Currency risk is the risk that the fair value or future cash flows of the investments in pooled funds will fluctuate as a result of changes in foreign exchange rates of investments held. The investments in pooled funds consist of approximately 35% foreign equities that are subject to currency risk.

- Other price risk

The Foundation is exposed to other price risk as its investment in pooled funds and other equity investments are subject to market fluctuations.

### **Liquidity risk**

Liquidity risk is the risk that the Foundation cannot meet its financial obligations associated with financial liabilities in full. The Foundation expects to be able to meet its financial obligations in the foreseeable future.

## **11 Interfund transfers**

During the year, certain amounts were reallocated between the funds to more appropriately reflect the terms of reference for each of these funds. The Board has approved these reallocations.

## **12 Commitments**

There are commitments to fund program support to the Child Health Program and the Flouro Lab at the Children's Hospital as well as various external research grants through the Children's Hospital Research Institute. The commitments for the next three years are as follows:

# The Children's Hospital Foundation of Manitoba, Inc.

## Notes to Consolidated Financial Statements

March 31, 2024

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	\$
2025	2,676,764
2026	1,159,531
2027	229,709
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	4,066,004
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### 13 Pledges

The following pledges have been received by the Foundation but not recorded in these consolidated financial statements. The pledged amounts are expected to be received as follows:

	<b>Unrestricted Fund \$</b>	<b>Designated Fund \$</b>	<b>Total Fund \$</b>
2025	12,500	1,019,254	1,031,754
2026	12,500	450,934	463,434
2027	-	51,635	51,635
2028	-	35,385	35,385
Thereafter	-	66,154	66,154
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	25,000	1,623,362	1,648,362
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