

The Children's Hospital Foundation of Manitoba, Inc.

Consolidated Financial Statements
March 31, 2025



Independent auditor's report

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

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, 2025 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, 2025;
- 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.

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.

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



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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Foundation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

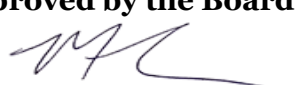

Chartered Professional Accountants

Winnipeg, Manitoba
June 12, 2025

The Children's Hospital Foundation of Manitoba, Inc.

Consolidated Statement of Financial Position

As at March 31, 2025

	2025 \$	2024 \$
Assets		
Current assets		
Cash	16,884,098	6,096,317
Short-term investments (note 4)	108,329	2,133,571
Accounts receivable	794,005	1,296,937
Prepaid expenses	267,814	219,185
Inventory	7,667	4,825
	18,061,913	9,750,835
Investments (note 4)	43,342,013	39,885,569
Capital assets (note 5)	7,470,883	7,974,665
	68,874,809	57,611,069
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,519,272	1,485,008
Grants payable	7,187,842	6,388,844
Deferred revenue	85,839	134,604
	8,792,953	8,008,456
Fund Balances		
Unrestricted		
Operating Fund	5,536,745	4,401,321
Externally restricted		
Endowment Fund	7,141,881	6,650,526
Designated Fund	27,555,451	18,304,738
Internally restricted		
Child Health Research Fund (note 7)	9,905,728	9,905,728
Children's Hospital Fund	2,471,168	2,365,635
Funds invested in capital assets (note 8)	7,470,883	7,974,665
	60,081,856	49,602,613
	68,874,809	57,611,069
Commitments (note 12)		
Approved by the Board of Directors		
 _____ Michael Holmes	Chair	 _____ Laura Matlashewski
		Vice-Chair

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, 2025

	2025					2024	
	Externally restricted		Internally restricted				
	Unrestricted	Endowment Fund \$	Designated Fund \$	Child Health Research Fund \$	Children's Hospital Fund \$	Funds Invested in Capital Assets \$	Total \$
	Operating Fund \$						
Revenue							
Donations and fundraising revenue	7,052,887	67,595	5,568,110	-	-	-	11,212,727
Lottery proceeds	680,219	-	-	-	-	-	680,542
Other revenue	789,558	-	6,500,000	-	-	-	1,250,215
Investment income (note 4)	3,521,500	565,768	-	-	-	-	4,087,268
	12,044,164	633,363	12,068,110	-	-	-	24,745,637
							16,855,013
Expenses							
Administrative expenses (note 9)	1,349,698	-	-	-	-	-	1,349,698
Fundraising							
Direct expenses	1,215,368	-	-	-	-	-	1,215,368
Indirect expenses	1,879,894	-	-	-	-	-	1,879,894
	4,444,960	-	-	-	-	-	4,444,960
							4,118,124
Disbursements and granting activities							
Amortization	-	-	-	-	-	1,064,830	1,064,830
Disbursements	-	-	19,038	-	-	-	19,038
Grants to Children's Hospital	-	-	3,387,446	-	(42,598)	-	3,344,848
Grants in aid of research	4,621,614	-	771,104	-	-	-	5,392,718
	4,621,614	-	4,177,588	-	(42,598)	1,064,830	9,821,434
							10,525,799
Excess of revenue over expenses	2,977,590	633,363	7,890,522	-	42,598	(1,064,830)	10,479,243
							2,211,090
Fund balances – Beginning of year	4,401,321	6,650,526	18,304,738	9,905,728	2,365,635	7,974,665	49,602,613
							47,391,523
Investment in capital assets	(561,048)	-	-	-	-	561,048	-
Interfund transfers (note 11)	(1,281,118)	(142,008)	1,360,191	-	62,935	-	-
							-
Fund balances – End of year	5,536,745	7,141,881	27,555,451	9,905,728	2,471,168	7,470,883	60,081,856
							49,602,613

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, 2025

	2025 \$	2024 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	10,479,243	2,211,090
Items not affecting cash		
Amortization	1,064,830	1,026,474
Realized and unrealized gains on investments – net	(3,693,658)	(3,425,418)
	7,850,415	(187,854)
Change in non-cash working capital items	1,247,164	1,206,440
	9,097,579	1,018,586
Investing activities		
Redemptions of investments	2,251,250	3,174,871
Purchase of capital assets	(561,048)	(250,246)
	1,690,202	2,924,625
Increase in cash during the year	10,787,781	3,943,211
Cash – Beginning of year	6,096,317	2,153,106
Cash – End of year	16,884,098	6,096,317

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, 2025

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 and Procedures, 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 Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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 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.

The Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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.

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.

The Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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 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.

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.

The Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

4 Investments

	2025 \$	2024 \$
Short-term GICs	108,329	2,133,571
Long-term		
Canadian equity funds	10,386,937	9,253,596
Fixed income funds	13,258,948	12,353,317
Canadian mortgage fund	1,971,134	1,815,058
Foreign equity funds	13,473,888	12,297,351
Emerging markets fund	761,177	628,580
Real estate fund	3,489,929	3,537,667
	43,342,013	39,885,569

Included in investment income is the following:

	2025		2024	
	Operating Fund \$	Endowment Fund \$	Net \$	Net \$
Realized and unrealized gains on investments	3,127,890	565,768	3,693,658	3,422,364
Investment income	393,610	-	393,610	319,165
	3,521,500	565,768	4,087,268	3,741,529

5 Capital assets

	2025		2024	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office and computer equipment	584,636	423,546	161,090	55,699
Office furniture	843,579	301,275	542,304	311,249
Leasehold improvements	666,435	382,920	283,515	336,191
Research equipment	4,276,171	4,064,113	212,058	171,523
Research computer equipment	479,008	479,008	-	-
Research facility improvements	1,421,443	1,421,443	-	-
Research building	20,702,196	14,430,280	6,271,916	7,100,003
	28,973,468	21,502,585	7,470,883	7,974,665

The Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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, \$1,293 (2024 – \$nil) is included in accounts payable and accrued liabilities.

7 Child Health Research Fund

	2025			2024
	Pediatric Research Fund \$	Research Facilities Building Fund \$	Research Facilities Equipment Fund \$	Total \$
Fund balance – Beginning of year	9,444,724	461,004	-	9,905,728
Fund balance – End of year	9,444,724	461,004	-	9,905,728

8 Funds invested in capital assets

	2025		2024
	Research \$	Other \$	Total \$
Fund balance – Beginning of year	7,510,389	464,276	7,974,665
Purchase of capital assets	265,319	295,729	561,048
	7,775,708	760,005	8,535,713
Amortization of capital assets	1,029,018	35,812	1,064,830
Fund balance – End of year	6,746,690	724,193	7,470,883

The Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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.

	2025 \$	2024 \$
Indirect expenses	130,783	122,646

10 Risk management

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

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 33% 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.

The Children’s Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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 five years are as follows:

	\$
2026	6,535,201
2027	4,980,250
2028	1,405,040
2029	-
2030	-
	<hr/>
	12,920,491

During the years ended March 31, 2025 and 2024, the Foundation entered into an agreement with the Government of Manitoba, resulting in a \$6,500,000 contribution towards various capital improvements, equipment and research needs at the Children’s Hospital. Under the terms of the agreement, certain restrictions and conditions had to be met before the use of these funds was permitted. All conditions have been fulfilled by both the Foundation and Shared Health, enabling the funds to support commitments scheduled for settlement in 2026 and 2027.

The Children's Hospital Foundation of Manitoba, Inc.

Notes to Consolidated Financial Statements

March 31, 2025

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:

	Unrestricted Fund \$	Designated Fund \$	Total Fund \$
2026	12,500	455,135	467,635
2027	-	176,635	176,635
2028	-	110,385	110,385
2029	-	75,385	75,385
Thereafter	-	488,104	488,104
	12,500	1,305,644	1,318,144