

**Children's Hospital of Eastern Ontario
Foundation/La Fondation du Centre hospitalier
pour enfants de l'est de l'Ontario**

**Financial statements
December 31, 2021**



Independent auditor's report

To the Directors of
Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Opinion

We have audited the financial statements of **Children's Hospital of Eastern Ontario Foundation/La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario** [the "Foundation"], which comprise the statement of financial position as at December 31, 2021, and the statement of operations and changes in fund balances and 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 December 31, 2021, 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 *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.

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.

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.

Report on other legal and regulatory requirements

As required by the *Corporations Act* (Ontario), we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Ottawa, Canada
April 26, 2022

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario
 Incorporated under the laws of the Province of Ontario

Statement of financial position

As at December 31

	2021	2020
	\$	\$
Assets		
Current		
Cash and cash equivalents	11,567,869	9,300,309
Short-term investments <i>[note 3]</i>	7,180,825	2,516,642
Interest and other receivables	1,380,858	1,591,579
Prepaid expenses	20,240	7,949
Total current assets	20,149,792	13,416,479
Long-term investments <i>[note 3]</i>	118,980,036	94,377,352
Capital assets, net <i>[note 5]</i>	79,771	73,452
Other assets	122,450	122,450
	139,332,049	107,989,733
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities <i>[note 9]</i>	8,343,415	5,290,032
Total current liabilities	8,343,415	5,290,032
Commitments <i>[note 11]</i>		
Fund balances <i>[note 6]</i>		
General Fund	37,096,350	24,998,094
Restricted Fund	43,165,684	29,003,941
Endowment Fund	50,726,600	48,697,666
Total fund balances	130,988,634	102,699,701
	139,332,049	107,989,733

See accompanying notes

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Statement of operations and changes in fund balances

Year ended December 31

	General Fund		Restricted Fund		Endowment Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Lotteries <i>[note 7]</i>	17,387,540	12,596,770	—	13,335	—	—	17,387,540	12,610,105
Fundraising <i>[note 7]</i>	16,818,507	15,242,710	8,171,962	7,088,078	216,326	527,245	25,206,795	22,858,033
Investment income <i>[note 3]</i>	10,598,632	5,203,386	1,204,397	627,524	1,700,032	859,077	13,503,061	6,689,987
Parking and miscellaneous revenue <i>[note 8]</i>	3,377,422	2,493,376	—	—	—	—	3,377,422	2,493,376
	48,182,101	35,536,242	9,376,359	7,728,937	1,916,358	1,386,322	59,474,818	44,651,501
Expenses								
Direct expenses <i>[note 8]</i>	11,839,623	7,973,570	—	25,069	—	—	11,839,623	7,998,639
Revenue, net of direct expenses	36,342,478	27,562,672	9,376,359	7,703,868	1,916,358	1,386,322	47,635,195	36,652,862
Indirect expenses <i>[note 10]</i>								
Other fundraising expenses	3,971,766	3,383,713	—	—	—	—	3,971,766	3,383,713
Administrative expenses	1,522,296	1,402,610	—	—	—	—	1,522,296	1,402,610
Excess of revenue over expenses before grants	30,848,416	22,776,349	9,376,359	7,703,868	1,916,358	1,386,322	42,141,133	31,866,539
Grants to Children's Hospital of Eastern Ontario, Children's Hospital of Eastern Ontario Research Institute and Roger Neilson House								
Capital and programs <i>[notes 8 and 9]</i>	—	—	13,728,345	20,731,407	—	—	13,728,345	20,731,407
Contribution of services <i>[note 9]</i>	—	—	123,855	236,529	—	—	123,855	236,529
	—	—	13,852,200	20,967,936	—	—	13,852,200	20,967,936
Excess (deficiency) of revenue over expenses and grants for the year	30,848,416	22,776,349	(4,475,841)	(13,264,068)	1,916,358	1,386,322	28,288,933	10,898,603
Fund balances, beginning of year	24,998,094	18,683,317	29,003,941	26,061,345	48,697,666	47,056,436	102,699,701	91,801,098
Interfund transfers <i>[note 4]</i>	(18,750,160)	(16,461,572)	18,637,584	16,206,664	112,576	254,908	—	—
Fund balances, end of year	37,096,350	24,998,094	43,165,684	29,003,941	50,726,600	48,697,666	130,988,634	102,699,701

See accompanying notes

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Statement of cash flows

Year ended December 31

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses and grants	28,288,933	10,898,603
Add (deduct) items not affecting cash		
Amortization	29,953	16,912
Investment income	(13,439,725)	(6,545,039)
Donated shares	(911,647)	(1,006,122)
Other non-cash items	48,233	26,772
	14,015,747	3,391,126
Net change in non-cash working capital balances related to operations <i>[note 13]</i>	3,251,813	1,503,134
Cash provided by operating activities	17,267,560	4,894,260
Investing activities		
Deposits to externally managed investments	(15,000,000)	(9,000,000)
Cash used in investing activities	(15,000,000)	(9,000,000)
Net increase (decrease) in cash during the year	2,267,560	(4,105,740)
Cash and cash equivalents, beginning of year	9,300,309	13,406,049
Cash and cash equivalents, end of year	11,567,869	9,300,309

See accompanying notes

**Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario**

Notes to financial statements

December 31, 2021

1. Purpose of the organization

The Children’s Hospital of Eastern Ontario Foundation/La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario [the “Foundation”] is incorporated under the laws of Ontario as a corporation without share capital. The Foundation is a registered charity under the *Income Tax Act* (Canada) and, while registered, is exempt from income taxes and may issue tax donation receipts.

The Foundation furthers the physical, mental and social well-being of children and their families in Eastern Ontario and Western Quebec and Nunavut by raising, managing and disbursing funds through its support of CHEO [the “Hospital”], the CHEO Research Institute and Roger Neilson House. The Foundation also promotes awareness of children’s health issues as well as the Hospital’s achievements.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting, “Accounting Standards for Not-for-Profit Organizations”*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors [the “Board”]. Transfers between the funds are made when it is considered appropriate, respects external restrictions and is authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of operations and changes in fund balances.

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

- [i] The General Fund accounts for the Foundation’s general fundraising, granting and administrative activities. Unless otherwise specified, any investment income earned is included in the General Fund.
- [ii] The Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board.
- [iii] The Endowment Fund includes funds where either donor or internal restrictions require that the principal be invested by the Foundation in perpetuity. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Board.

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Notes to financial statements

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Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Investment income, which consists of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, is recorded in the statement of operations and changes in fund balances. Investment income earned on the Endowment Fund that must be spent on donor-restricted activities or stipulated to be added to the Endowment fund is recognized as revenue in the Restricted Fund or the Endowment Fund accordingly. Unrestricted investment income earned on General Fund, Restricted Fund and Endowment Fund resources is recognized as revenue of the General Fund. Investment losses are allocated in a manner consistent with investment income.

Other financial instruments, including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, are initially recorded at fair value and are subsequently measured at cost, net of any provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with a maturity of approximately three months or less from the date of purchase, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect as at the date of the statement of financial position. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in the statement of operations and changes in fund balances.

Capital assets

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

Computer hardware	4 to 5 years
Furniture, fixtures and equipment	5 to 20 years
Vehicle	5 years

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Notes to financial statements

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Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions, which include grants and donations:

- [i] Grants and bequests are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.
- [ii] Other donations are recorded when received since pledges are not legally enforceable claims.
- [iii] Unrestricted contributions are recognized as revenue in the General Fund when initially recorded in the accounts.
- [iv] Externally restricted contributions, except endowment contributions, are recorded in the Restricted Fund when initially recognized in the accounts. Externally restricted endowment contributions are recognized in the Endowment Fund when initially recognized in the accounts.
- [v] Lottery and events revenue is recognized in the fiscal year in which the program is concluded.
- [vi] Contributions of materials are recorded when a fair value can be reasonably estimated and when the materials are used in the normal course of the organization's operations and would otherwise have been purchased. Materials such as medical journals and donated equipment for use by departments within the Hospital are recorded as revenue in the Restricted Fund, with a corresponding expense recorded as a contribution to the Hospital. The Foundation has items valued in excess of \$1,000 appraised by third parties in order to validate the fair value for reporting and tax receipt purposes.

Allocation of expenses

Expenses are recorded on the accrual basis. The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are not allocated.

Multi-employer plans

The Foundation participates in a multi-employer defined benefit pension plan. Contributions are recognized on an accrual basis. The Foundation does not use defined benefit plan accounting as it does not have sufficient information to do so.

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Notes to financial statements

December 31, 2021

3. Investments

[a] Short-term investments comprise cash held by investment managers for investment purposes and relatively liquid investments maturing in less than one year.

[b] Investments have an asset mix as follows:

	2021	2020
	\$	\$
Short-term investments		
Cash and cash equivalents	7,180,825	2,516,642
Long-term investments		
Equities		
Canadian	24,797,084	18,765,430
Foreign	48,243,115	42,579,569
	73,040,199	61,344,999
Fixed income		
Canadian bonds	38,851,529	27,722,059
Foreign bonds	7,088,308	5,310,294
	45,939,837	33,032,353
	118,980,036	94,377,352
	126,160,861	96,893,994

The Foundation has established investment policy guidelines providing direction and restriction as to the mix and quality of its investment portfolio. The amounts invested in pooled funds have been allocated among the asset classes, based on the asset classes held by the pooled funds.

[c] Investment income earned on the Foundation's assets consists of the following:

	2021	2020
	\$	\$
Interest and dividends	2,078,828	2,234,577
Realized and unrealized gains and losses	11,424,233	4,455,410
	13,503,061	6,689,987

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Notes to financial statements

December 31, 2021

4. Interfund transfers

Interfund transfers consist of the following:

	General Fund		Restricted Fund		Endowment Fund	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Transfers in year	(18,750,160)	(16,461,572)	18,637,584	16,206,664	112,576	254,908

The transfers from the General Fund to the Restricted Fund and Endowment fund relate to internally imposed restrictions approved by the Board or changes in the designation of funds as directed by donors.

5. Capital assets

Capital assets comprise the following:

	2021		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture, fixtures and equipment	119,383	90,825	28,558
Computer hardware	273,477	222,264	51,213
Vehicle	34,864	34,864	—
	427,724	347,953	79,771
	2020		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture, fixtures and equipment	119,383	87,881	31,502
Computer hardware	237,205	202,228	34,977
Vehicle	34,864	27,891	6,973
	391,452	318,000	73,452

Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario

Notes to financial statements

December 31, 2021

6. Fund balances

The fund balances as at December 31, 2021 are as follows:

	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Donor restricted	—	20,781,985	24,304,332	45,086,317
Internally restricted	—	22,383,699	26,422,268	48,805,967
Unrestricted	37,096,350	—	—	37,096,350
	37,096,350	43,165,684	50,726,600	130,988,634

The fund balances as at December 31, 2020 are as follows:

	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Donor restricted	—	16,628,676	22,385,397	39,014,073
Internally restricted	—	12,375,265	26,312,269	38,687,534
Unrestricted	24,998,094	—	—	24,998,094
	24,998,094	29,003,941	48,697,666	102,699,701

Included in the General Fund balance is \$79,771 related to funds invested in capital assets. Included in the Endowment Fund under donor restricted is \$2,803,934 of funds on which investment income is unrestricted. Included in the Endowment Fund under internally restricted is \$24,632,269 of funds on which investment income is unrestricted.

Donated items [gifts in kind] totalling \$132,403 [2020 – \$277,231] were recorded as follows: Restricted Fund, \$54,512 [2020 – \$13,602] and General Fund, \$77,891 [2020 – \$263,629].

Children's Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l'est de l'Ontario

Notes to financial statements

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7. Statement of operations and changes in fund balances

The Hospital is privileged to benefit from approximately 300 fundraising partners and lotteries annually. Included in fundraising and lotteries revenue are the following examples:

Fundraising partners/activities

- CHEO Telethon
- CN Cycle for CHEO
- RBC Race for the Kids
- Trees of Hope
- CHEO B.B.Q.
- TD Bank
- Costco
- CASCO
- Ski for Kids
- Walmart
- NAV Canada
- LCBO
- Canada Post
- For the Kids Gala

Lotteries

- Dream of a Lifetime Lottery
- Ford 50/50 Plus for CHEO
- Nevada Ticket Sales

8. Parking agreement

On February 15, 2019, the Foundation renewed the agreement to lease the parking facility from the Hospital, effective April 1, 2018, for a three-year period ending on March 31, 2021, with lease payments of \$77,400 per month, which will continue through the negotiation of a new agreement. The new agreement is expected to be finalized in 2022.

The Foundation has a management agreement with the Hospital in connection with the parking facility, whereby the Foundation was appointed manager of the facility.

During the year, the Foundation earned revenue of \$3,377,422 [2020 – \$2,493,376] from the parking operations and incurred \$965,507 [2020 – \$965,507] in lease expense to the Hospital, and \$506,613 [2020 – \$374,006] in management fees and operating costs during the year. These expenses were recorded under direct expenses on the statement of operations and changes in fund balances. It was agreed by the parties that the net revenue over expenses related to parking operations would be used to support the Hospital, as is the mandate of the Foundation. During the year, nil [2020 – \$3,000,000] was distributed to the Hospital for capital and programs from funds earned from parking operations in the current and prior years.

Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario

Notes to financial statements

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9. Related party transactions

During the year, the Foundation distributed grants to CHEO, CHEO Research Institute and Roger Neilson House. The capital and programs and contribution of services distributions comprise grants for the following purposes:

	2021	2020
	\$	\$
Research and equipment	5,916	—
Research grants and programs	6,469,580	6,414,875
Programs and services	3,385,144	4,427,938
Capital equipment	3,749,157	6,737,461
Fellowships	60,000	60,431
Gifts in kind	132,403	277,231
Research building	50,000	50,000
Other capital – parking [note 8]	—	3,000,000
	13,852,200	20,967,936

Distributions were directed as follows: CHEO, \$6,836,704 [2020 – \$13,853,060], CHEO Research Institute, \$6,095,251 [2020 – \$6,128,727] and Roger Neilson House, \$920,245 [2020 – \$986,149].

In lieu of occupancy cost, the Foundation provides a grant to the Hospital toward the operating costs of the Research Institute facility. All related party transactions are recorded at exchange value, which approximates cost.

As at December 31, 2021, amounts due to related parties included in accounts payable and accrued liabilities is \$5,266,602 [2020 – \$3,103,637]. Amounts due to related parties are non-interest bearing and due on demand.

10. Pension plan

Substantially all of the full-time employees of the Foundation are members of the Healthcare of Ontario Pension Plan [the “HOOPP”], which is a multi-employer, defined benefit, final average pay contributory pension plan. Contributions to the HOOPP during the year by the Foundation on behalf of these employees amounted to \$319,363 [2020 – \$301,507] and are included in indirect expenses under other fundraising expenses and administrative expenses in the statement of operations and changes in fund balances.

The most recent valuation for financial reporting purposes completed by the HOOPP as at December 31, 2021 disclosed total assets available for benefits of \$114.4 billion with pension obligations of \$85.9 billion, resulting in a surplus of \$28.5 billion. At the end of 2021, the HOOPP was 133% funded. This fully funded status means the HOOPP has sufficient assets to pay every promised member’s pension benefit, with no shortfall.

During the year, the employer contribution rate to the HOOPP was 126% [2020 – 126%] of the employee amount.

Children’s Hospital of Eastern Ontario Foundation
La Fondation du Centre hospitalier pour enfants de l’est de l’Ontario

Notes to financial statements

December 31, 2021

11. Commitments

[a] As at December 31, 2021, commitments amounting to \$25,205,000 [2020 – \$19,349,000] have been approved by the Foundation’s Board of Directors to fund expenditures on behalf of the Hospital, CHEO Research Institute and Roger Neilson House for fiscal 2022, as follows:

	\$
Capital equipment	7,350,000
Research grants and programs	5,550,000
Programs and services	6,255,000
Research building	50,000
Other capital	5,100,000
Palliative care	900,000
	<hr/> 25,205,000 <hr/>

The committed amount classified as other capital relates to the funds expected to be generated from the parking agreement [note 8].

[b] As at December 31, 2021, the Foundation has letters of credit outstanding, required in connection with its Dream of a Lifetime lottery and 50/50 draw, amounting to approximately \$5,741,580, expiring on February 19, 2022.

[c] As at December 31, 2021, the Foundation has a letter of credit outstanding, required in connection with its Ford 50/50 Plus for CHEO, amounting to \$144,341, expiring on June 9, 2022.

12. Financial instruments and risk management

The Foundation is exposed to various financial risks through transactions in financial instruments. The Investment Policy of the Foundation addresses risk tolerance and is structured so as to provide for the generation of the maximum rate of return while assuming an appropriate level of risk keeping in mind the goals of capital preservation.

Foreign currency risk

The Foundation is exposed to foreign currency risk with respect to its investments denominated in foreign currencies, including the underlying investments of its pooled funds denominated in foreign currencies, because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

Credit risk

The Foundation is exposed to credit risk in connection with its accounts receivable and its short-term and fixed-income investments because of the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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Notes to financial statements

December 31, 2021

Interest rate risk

The Foundation is exposed to interest rate risk with respect to its fixed-income investments and a pooled fund that holds fixed income securities, the values of which will fluctuate with changes in market interest rates.

Liquidity risk

The Foundation is exposed to the risk that it will encounter difficulty in meeting obligations in connection with its accounts payable and accrued liabilities.

Market risk

Market risk arises as a result of trading in equity securities and fixed-income securities. Fluctuations in the market expose the Foundation to a risk of loss.

Other price risk

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. Management believes that no material other price risk factors exist.

13. Statement of cash flows

The net change in non-cash working capital balances related to operations is presented below. A positive balance represents a source of funds and a negative balance represents a use of funds.

	2021	2020
	\$	\$
Interest and other receivables	210,721	(6,877)
Prepaid expenses	(12,291)	19,988
Accounts payable and accrued liabilities	3,053,383	1,490,023
	3,251,813	1,503,134

14. Subsequent event

Subsequent to December 31, 2021, global markets have experienced significant volatility and uncertainty mainly due to the conflict between Ukraine and the Russian Federation. At this time, the longer-term impact to investment valuations cannot be reliably estimated.