

Financial Statements of

**STOLLERY CHILDREN'S
HOSPITAL FOUNDATION**

Year ended March 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the year ended March 31, 2024, are the responsibility of management and have been reviewed and approved by senior management. The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organization and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of contributions and other revenue; and
- safeguard the assets and properties under Stollery Children's Hospital Foundation's administration.

Stollery Children's Hospital Foundation carries out its responsibility for the financial statements through its Board of Trustees. The Board of Trustees meets with management and KPMG LLP to review financial matters, and to approve the financial statements upon finalization of the audit. KPMG LLP has free access to the Board of Trustees.

KPMG LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures, which allow them to report on the fairness of the financial statements prepared by management.



Karen Faulkner
Interim President and Chief Executive Officer



Lucy Papp, CPA, CA
Chief Financial Officer

Edmonton, Canada
June 18, 2024



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INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees of the Stollery Children’s Hospital Foundation

Opinion

We have audited the financial statements of Stollery Children’s Hospital Foundation (“the Foundation”) which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in fund balances 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 March 31, 2024, and its results of operations and 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 auditor’s 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 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 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.
- 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.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, resembling a signature flourish or a checkmark.

Chartered Professional Accountants

Edmonton, Canada

June 18, 2024

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Financial Statements

Year ended March 31, 2024

Financial Statements

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STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 8,553,156	\$ 4,220,194
Restricted cash	11,200,275	12,295,916
Accounts receivable	773,356	812,989
Advances for grants to qualified donees (note 2)	447,953	415,231
Prepaid expenses	344,220	344,597
Inventory	239,740	296,104
Other assets (Schedule A)	6,135,802	5,900,271
	<u>27,694,502</u>	<u>24,285,302</u>
Portfolio investments (note 3)	73,478,164	69,093,838
Capital assets (note 4)	462,278	510,771
	<u>\$ 101,634,944</u>	<u>\$ 93,889,911</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5 and Schedule A)	\$ 10,611,226	\$ 9,754,792
Deferred revenue (note 6 and Schedule A)	5,139,737	4,866,435
	<u>15,750,963</u>	<u>14,621,227</u>
Fund balances:		
Externally restricted	6,472,876	6,340,379
Internally restricted	48,759,851	44,843,169
Unrestricted	30,651,254	28,085,136
	<u>85,883,981</u>	<u>79,268,684</u>
Commitments (note 7 and Schedule A)		
	<u>\$ 101,634,944</u>	<u>\$ 93,889,911</u>

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

Chair, Board of Trustees

Chair, Finance and Audit Committee

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Externally restricted fund	Internally restricted fund	Unrestricted fund	Total 2024	Total 2023
Revenue:					
Fundraising	\$ 2,978,800	\$ -	\$ 25,006,715	\$ 27,985,515	\$ 25,291,882
Mighty Millions Lottery	-	-	17,908,387	17,908,387	17,849,533
Investment income (Schedule B)	-	-	6,312,891	6,312,891	817,322
Merchandising	-	-	587,422	587,422	532,719
Government assistance	-	-	100,000	100,000	-
	2,978,800	-	49,915,415	52,894,215	44,491,456
Expenditures:					
Fundraising	18,212	-	8,283,452	8,301,664	8,245,552
Mighty Millions Lottery	-	-	13,805,185	13,805,185	13,989,636
Administration	-	-	2,974,359	2,974,359	2,251,593
Advocacy	-	-	819,141	819,141	1,266,211
Merchandising	-	-	553,147	553,147	499,407
	18,212	-	26,435,284	26,453,496	26,252,399
Excess of revenue over expenditures before grants	2,960,588	-	23,480,131	26,440,719	18,239,057
Grant payments	2,828,091	16,425,130	572,201	19,825,422	17,881,970
Excess (deficiency) of revenue over expenditures	132,497	(16,425,130)	22,907,930	6,615,297	357,087
Fund balances, beginning of year	6,340,379	44,843,169	28,085,136	79,268,684	78,911,597
Transfers	-	20,341,812	(20,341,812)	-	-
Fund balances, end of year	\$ 6,472,876	\$ 48,759,851	\$ 30,651,254	\$ 85,883,981	\$ 79,268,684

See accompanying notes to financial statements.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by operations:		
Excess of revenue over expenditures	\$ 6,615,297	\$ 357,087
Items not involving cash:		
Unrealized (gain) loss on portfolio investments	(729,721)	3,792,814
Realized gain on portfolio investments	(1,609,348)	(1,345,853)
Amortization of capital assets	228,452	199,090
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	39,633	(385,629)
(Increase) decrease in advances for grants to qualified donees	(32,722)	226,189
Decrease (increase) in prepaid expenses	377	(150,052)
Decrease (increase) in inventory	56,364	(25,301)
Increase in other assets	(235,531)	(698,273)
Increase (decrease) in accounts payable and accrued liabilities	856,434	(921,678)
Increase (decrease) in deferred revenue	273,302	(414,464)
	5,462,537	633,930
Cash flows used in investing activities:		
Acquisition of portfolio investments, net	(2,045,257)	(3,270,197)
Acquisition of capital assets	(179,959)	(201,478)
	(2,225,216)	(3,471,675)
Increase (decrease) in cash	3,237,321	(2,837,745)
Cash, beginning of year	16,516,110	19,353,855
Cash, end of year	\$ 19,753,431	\$ 16,516,110
Cash position consists of:		
Cash	\$ 8,553,156	\$ 4,220,194
Restricted cash		
Mighty Millions Lottery (Schedule A)	7,015,057	5,597,688
Other gaming	4,185,218	6,698,228
	\$ 19,753,431	\$ 16,516,110

See accompanying notes to financial statements.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

Stollery Children's Hospital Foundation (the "Foundation") operates under the Regional Health Authorities Foundations Regulation. The Foundation is registered with the Canada Revenue Agency as a charitable organization and is exempt from income taxes.

The vision of the Foundation is to give all kids the best chance to live a long and healthy life. The Foundation's mission is to raise money in support of advancing specialized children's physical and mental health care; thank donors and share the impact of their gifts; educate and engage with stakeholders about the urgent needs of the Stollery Children's Hospital (the "Hospital") and of other child health priorities; and advocate for children's health becoming a greater priority for government, stakeholders, and the community. Funding provided by the Foundation supports physical and mental health care for children through acquisition of equipment and investment in infrastructure, education, research and training, and patient and family centred care programs.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

(a) Fund accounting:

The Foundation follows the restricted fund method of accounting for contributions. The following funds have been established for financial reporting purposes:

- i) Externally restricted fund – consists of funds upon which restrictions have been imposed by the donor.
- ii) Internally restricted fund – consists of funds upon which restrictions have been imposed by the Board of Trustees (the "Board"). These funds represent donations and income that were initially unrestricted but upon which the Board has placed restrictions for specific priority programs.
- iii) Unrestricted fund – consists of donations and investment income upon which no restrictions have been imposed by the donors or the Board. These funds are managed in accordance with general Board policies and may be internally restricted through Board motion.

(b) Cash and restricted cash

Cash is comprised of amount held on deposit primarily in the Foundation's operating account. Restricted cash is subject to external restrictions related to Alberta Gaming, Liquor and Cannabis gaming regulations, and includes cash held for the Mighty Millions lottery in process. Net proceeds from the Mighty Millions Lottery are transferred to the casino gaming account upon finalization of the lottery.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(c) Inventory:

Inventory consists of merchandise items held for resale and is valued at the lower of cost, measured on a first-in, first-out basis, and replacement cost. Merchandising expense represents the cost of merchandise inventory sold during the year.

(d) Other assets

Other assets consist of lottery prizes that will be awarded subsequent to March 31 and are recorded at the lower of cost and replacement cost.

(e) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are expensed as incurred. Betterments which extend the useful life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value. Capital assets include works of art which are not subject to amortization.

Capital assets are amortized on a straight-line basis as follows:

Asset	Useful Life
Equipment	3 years
Furniture and fixtures	10 years
Computer software	3 years
Leasehold improvements	Term of Lease

(f) Revenue recognition:

- i) Externally restricted contributions are recognized as revenue of the externally restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- ii) Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- iii) Investment income is recognized as revenue of the unrestricted fund when earned.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(f) Revenue recognition (continued):

- iv) Fundraising projects, events and merchandising revenue are recognized in the year in which the event is held or goods are sold. Lottery revenue is recognized as of the date of the lottery prize draw.
- v) The Foundation applies for financial assistance under available government programs. Government assistance is recognized as revenue the year in which the related expenses are incurred.
- vi) Deferred revenue represents lottery funds received in advance of lottery prize draw dates, sponsorship funds received in advance of related events, and unredeemed gift certificates.

(g) Contributed materials and services:

Contributed materials and services are recorded at fair value when they would have otherwise been purchased and when a fair value can be reasonably estimated. Contributed services of volunteers are not recognized in these financial statements as their fair value cannot be reasonably determined.

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. The Foundation does not use derivative financial instruments to alter the effects of market interest or foreign exchange fluctuations. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its fixed-income and equity instruments at fair value.

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.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) Financial instruments (continued):

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 asset. 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 asset 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.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect 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 revenues and expenses during the year. Actual results could differ from those estimates.

(j) Employee future benefits:

The Foundation participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit pension plan. As it is not practicable to separate the information in the plan that relates to the Foundation, it is accounted for as a defined contribution plan.

(k) Allocation of expenses:

The Foundation records its salaries and benefits expense by function. The costs of each function include the costs of personnel that are directly related to providing the function. Costs related to administration and Board governance are not allocated.

2. Advances for grants to qualified donees:

The Foundation has advanced funds to qualified grant donees, of which \$447,953 (2023 - \$415,231) was not fully utilized by the donee by the end of the fiscal year. The Foundation receives reporting of the usage of the grants from the donees and expects the funds to be expended within the following year.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Portfolio investments:

	2024	2023
Fixed-income:		
Term deposits	\$ 3,658,412	\$ 4,584,384
Pooled bond funds	24,372,256	22,064,087
	<u>28,030,668</u>	<u>26,648,471</u>
Equities:		
Canadian	20,829,529	19,644,718
International	24,359,348	22,531,999
	<u>45,188,877</u>	<u>42,176,717</u>
Cash surrender value of life insurance	258,619	268,650
	<u>\$ 73,478,164</u>	<u>\$ 69,093,838</u>

The Foundation's long-term investments are with an institutional investment management firm investing in pooled funds.

- a) The term deposits carry coupon rates of 4.50% to 5.46% (2023 - 0.65% to 5.17%) and maturity dates of April 2024 to August 2028 (2023 - April 2023 to October 2024). Terms deposits with a short-term maturity date are renewed and held on a long-term basis.
- b) Pooled bond funds are primarily comprised of publicly traded fixed-income instruments including short term bonds, investment grade corporate and high yield bonds, municipal bonds, and emerging markets bonds. A smaller component of the fund are private funds, including mortgages and private placement corporate bonds. The pooled bond funds are managed with the objective of providing optimal returns while maintaining security of capital. Return is optimized within the risk constraints of the portfolio by managing portfolio duration and issuer mix.
- c) Equities are comprised of publicly traded equities in Canadian and International (including United States) corporations.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 491,618	\$ 376,102	\$ 115,516	\$ 172,449
Furniture and fixtures	349,391	187,175	162,216	61,129
Computer software	323,006	271,451	51,555	84,940
Leasehold improvements	177,897	106,936	70,961	130,223
Works of art	62,030	-	62,030	62,030
	\$ 1,403,942	\$ 941,664	\$ 462,278	\$ 510,771

Amortization of \$228,452 (2023 - \$199,090) is included with administration expenditures.

5. Related party transactions:

Related parties of the Foundation include: Alberta Health Services, members of the Board of Trustees, senior management personnel and immediate family members of senior management personnel. Board members are volunteers who are affiliated with employers, partnerships and companies through pre-existing relationships. The Foundation may transact with these entities as service providers or donors through the normal course of operations. The Foundation has a conflict-of-interest process whereby these types of relationships are identified and communicated internally.

The Foundation provides grants of money and gifts in kind to the Hospital. These grants allow the Hospital to provide health services not funded from other sources.

Accommodation, furnishings and certain other overhead costs incurred in the administration of the Foundation provided by the Hospital and Alberta Health Services are not reasonably estimable and consequently are not reflected in these financial statements.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Related party transactions (continued):

During the year, the Foundation made payments to Alberta Health Services of \$10,302,110 (2023 - \$8,498,703). These payments include distributions made to support funding priorities and other operating expenses. The details of these payments are as follows:

	2024	2023
Grant payments – internally restricted	\$ 9,370,143	\$ 7,763,277
Grant payments – externally restricted	809,429	695,119
Administration expenses	122,538	40,307
	\$ 10,302,110	\$ 8,498,703

As at March 31, 2024, accounts payable and accrued liabilities include \$3,499,249 (2023 - \$4,060,898) due to Alberta Health Services.

6. Deferred revenue:

	2024	2023
Spring lottery (Schedule A)	\$ 4,916,613	\$ 4,656,279
Sponsorship	218,710	105,931
Gift certificates	4,414	4,225
Government grant	-	100,000
	\$ 5,139,737	\$ 4,866,435

Spring 2024 lottery revenues will be deferred until the draw date of May 15, 2024 (2023 - May 16, 2023). Sponsorship revenues are deferred to the dates of the events. Gift certificate revenue is recognized upon redemption of the certificate.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Commitments:

- a) The Foundation is committed to future annual operating lease payments for office equipment as follows:

2025	\$	3,411
2026		3,411
2027		1,706
Thereafter		-

- b) The Foundation has approved cumulative funding commitments of \$48,759,851 (2023 - \$44,843,169) which will be carried forward to future years. At March 31, 2024, \$37,658,207 (2023 - \$32,602,046) relates to commitments to the Stollery Children's Hospital, Alberta Health Services and the University of Alberta that will be distributed upon request.

- c) In addition to the approved funding commitments, the Foundation has entered into a memorandum of understanding with the Women & Children's Health Research Institute to provide financial support for children's health initiatives. As at March 31, 2024, the future funding commitments related to this arrangement is \$9,270,500 (2023 - \$8,941,000).

- d) The Foundation has received pledges of \$761,769 (2023 - \$752,000) from donors which have not been recognized as revenue at year-end. Receipt of the amounts pledged is expected by the Foundation as follows:

2025	\$	309,569
2026		182,100
2027		152,100
2028		72,100
Thereafter		45,900

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Employee future benefits:

All eligible employees of the Foundation participate in the Local Authorities Pension Plan (LAPP) under the Public Sector Pension Plans Act. Contribution requirements for the Foundation are as follows:

	2024	2023
Employer		
Pensionable earnings up to the maximum under the Canada Pension Plan	8.45%	8.45%
Pensionable earnings in excess of the maximum under the Canada Pension Plans	11.65%	12.23%
Employee		
Pensionable earnings up to the maximum under the Canada Pension Plan	7.45%	7.45%
Pensionable earnings in excess of the maximum under the Canada Pension Plan	10.65%	11.23%

Information for the year ended December 31, 2023 for LAPP was not available at the time of preparing these financial statements (2022 - actuarial surplus of \$12.7 billion). The Foundation contributed a total of \$385,577 for the year ended March 31, 2024 (2023 - \$358,663), which has been recorded within administrative expenditures in the statement of operations. At December 31, 2023, the Foundation had 44 (December 31, 2022 - 37) contributing members in the plan; at December 31, 2022, total LAPP membership was 291,259.

9. Allocation of costs by function:

Salaries and benefits were allocated as follows:

	2024	2023
Fundraising	\$ 4,604,988	\$ 4,125,144
Administration	1,374,202	958,971
Advocacy	458,532	414,336
Mighty Millions Lottery	216,694	167,089
Merchandising	158,244	144,372
	\$ 6,812,660	\$ 5,809,912

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Financial risks:

Income and financial returns on investments are exposed to credit and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate, foreign exchange and market risk. Interest rate risk relates to the possibility that investments will change in value due to fluctuations in interest rates. Market and foreign exchange risk relates to the possibility that investments will change in value due to future fluctuations in market prices and foreign exchanges rates.

These risks are managed by the Foundation's investment policies, which prescribe the investment asset mix including the degree of liquidity and concentration and the amount of foreign content.

Changes in interest rates and credit ratings are the main cause of changes in the fair value of government securities and corporate bonds resulting in a favorable or unfavorable variance compared to book value. Credit risk is mitigated by investing in government securities and corporate bonds with a rating of A or better and diversifying the securities between government, government backed and corporate issuers. Interest rate risk is mitigated by managing maturity dates and payment frequency. The Foundation limits credit risk associated with other financial assets by dealing with counterparties that it believes are creditworthy. The fair value of equities is impacted by price risk.

The Foundation does not use derivative instruments to alter the effects of interest, market and foreign exchange risks.

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Schedule A – Mighty Millions Lottery

Year ended March 31, 2024, with comparative information for 2023

Since 2015, the Foundation has operated a charitable lottery (“Mighty Millions Lottery”) that runs from July through November (“Fall lottery”), with final prize draws in December. In 2021, the Foundation launched a second lottery that runs from December through April (“Spring lottery”) with final draws in May. The main prize in the final draw for both lotteries is a house; there are also many smaller prizes. Lottery prizes will be awarded subsequent to the draw dates of each respective lottery.

Included in the statement of financial position are the following balances relating to the Mighty Millions Lottery:

	2024	2023
Restricted cash	\$ 7,015,057	\$ 5,597,688
Other assets:		
Spring lottery - houses	\$ 3,638,571	\$ 3,722,143
Spring lottery - other prizes	539,731	580,628
Fall lottery - house	1,957,500	1,597,500
	6,135,802	5,900,271
Accrued liabilities	\$ 5,382,446	\$ 4,481,753
Deferred revenue	\$ 4,916,613	\$ 4,656,279

As at March 31, 2024, the Foundation has committed to purchasing 3 homes for the upcoming Mighty Millions Lotteries. The total commitment for lottery homes is \$6,750,000 (2023 - \$6,750,000), of which \$4,096,071 has been accrued (2023 - \$3,819,643).

STOLLERY CHILDREN'S HOSPITAL FOUNDATION

Schedule B – Investment Income

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Dividends	\$ 2,044,173	\$ 1,947,892
Interest	1,929,649	1,316,391
Realized gains	1,609,348	1,345,853
Unrealized gains (losses)	729,306	(3,795,623)
Foreign exchange gains	415	2,809
	<u>\$ 6,312,891</u>	<u>\$ 817,322</u>