



HOSPITALS OF REGINA®
FOUNDATION

Better lives. Made possible by you.

Financial Statements of

HOSPITALS OF REGINA FOUNDATION INC.
and Independent Auditor's Report thereon

For the year ended December 31, 2024

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Management's Responsibility for Financial Reporting

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

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



Dino Sophocleous, CFRE
President & CEO
Date: April 8, 2025



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2024
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-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 Entity 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 non-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.



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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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- 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

Chartered Professional Accountants

Regina, Canada

April 8, 2025

HOSPITALS OF REGINA FOUNDATION INC.
Statement of Financial Position

December 31, 2024 with comparative information for December 31, 2023

| | General Fund | Endowment and Special Purpose Funds | Total 2024 | Total 2023 |
|---|---------------|---|---------------|---------------|
| Assets | | | | |
| Current assets | | | | |
| Cash | \$ 4,370,802 | \$ - | \$ 4,370,802 | \$ 2,042,915 |
| Short-term investments (note 3) | 43,876,718 | - | 43,876,718 | 38,368,593 |
| Accounts receivable and accrued interest receivable | 964,836 | - | 964,836 | 614,678 |
| Lottery showhome deposits | 542,520 | - | 542,520 | 625,000 |
| Prepaid expenses | 53,511 | - | 53,511 | 122,107 |
| Gift shop inventory | 50,338 | - | 50,338 | 45,499 |
| Pledges receivable (note 4) | 2,771,780 | - | 2,771,780 | 387,000 |
| Planned giving receivable (note 5) | 2,127,231 | - | 2,127,231 | 755,889 |
| Due from (to) other funds | 310,010 | (310,010) | - | - |
| | 55,067,746 | (310,010) | 54,757,736 | 42,961,681 |
| Investments (note 3 and 9) | 20,466,537 | 6,486,246 | 26,952,783 | 24,418,574 |
| Tangible capital assets (note 6) | 147,012 | - | 147,012 | 208,396 |
| | \$ 75,681,295 | \$ 6,176,236 | \$ 81,857,531 | \$ 67,588,651 |
| Liabilities and net assets | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 1,939,993 | \$ - | \$ 1,939,993 | \$ 877,405 |
| Deferred revenue | 6,050 | - | 6,050 | 27,300 |
| | 1,946,043 | - | 1,946,043 | 904,705 |
| Long term liabilities | | | | |
| Deferred pledge revenue (note 4) | 2,771,780 | - | 2,771,780 | 387,000 |
| Deferred planned gifts (note 5) | 2,127,231 | - | 2,127,231 | 755,889 |
| | 6,845,054 | - | 6,845,054 | 2,047,594 |
| Net assets | | | | |
| Investment in tangible capital assets | 147,012 | - | 147,012 | 208,396 |
| Operating reserve | 2,000,000 | - | 2,000,000 | 2,000,000 |
| Designated funds | 66,689,229 | - | 66,689,229 | 57,765,491 |
| Endowment and special purpose funds | - | 6,176,236 | 6,176,236 | 5,567,170 |
| | 68,836,241 | 6,176,236 | 75,012,477 | 65,541,057 |
| Commitments (notes 10 and 11) | | | | |
| | \$ 75,681,295 | \$ 6,176,236 | \$ 81,857,531 | \$ 67,588,651 |

See accompanying notes to the financial statements

Approved by the Board:



 Director



 Director

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

For the year ended December 31, 2024 with comparative information for the year ended December 31, 2023

| | Investment in Capital Assets | Operating Reserve | Designated Funds | Endowment and Special Purpose Funds | 2024 | 2023 |
|--|---------------------------------|----------------------|---------------------|--|---------------|---------------|
| Revenue: | | | | | | |
| Charitable giving | \$ - | \$ - | \$ 8,584,161 | \$ - | \$ 8,584,161 | \$ 5,678,720 |
| Charitable gaming (note 7) | - | - | 3,216,955 | - | 3,216,955 | 3,143,718 |
| Gift shop revenue (net) (note 8) | - | - | 48,213 | - | 48,213 | 47,537 |
| Investment income | - | 67,994 | 3,636,737 | 469,492 | 4,174,223 | 2,296,725 |
| Unrealized gains on investments | - | 24,422 | 520,803 | 145,649 | 690,874 | 1,456,238 |
| | - | 92,416 | 16,006,869 | 615,141 | 16,714,426 | 12,622,938 |
| Expenses: | | | | | | |
| Direct fundraising costs | - | - | 451,118 | - | 451,118 | 406,910 |
| Administration | 120,455 | - | 414,812 | - | 535,267 | 465,071 |
| Communications and marketing | - | - | 108,191 | - | 108,191 | 114,347 |
| Salaries and benefits | - | - | 1,778,054 | - | 1,778,054 | 1,544,879 |
| | 120,455 | - | 2,752,175 | - | 2,872,630 | 2,531,207 |
| Excess (deficiency) of revenue over expenses | (120,455) | 92,416 | 13,254,694 | 615,141 | 13,841,796 | 10,091,731 |
| Net assets, beginning of year | 208,396 | 2,000,000 | 57,765,491 | 5,567,170 | 65,541,057 | 57,359,002 |
| Transfers | 59,071 | (92,416) | 33,345 | - | - | - |
| Distributions (note 11) | - | - | (4,364,301) | (6,075) | (4,370,376) | (1,909,676) |
| Net assets, end of year | \$ 147,012 | \$ 2,000,000 | \$ 66,689,229 | \$ 6,176,236 | \$ 75,012,477 | \$ 65,541,057 |

See accompanying notes to the financial statements

HOSPITALS OF REGINA FOUNDATION INC.
Statement of Cash Flows

For the year ended December 31, 2024, with comparative information for the year ended December 31, 2023

| | 2024 | 2023 |
|--|---------------|---------------|
| Cash provided by (used for) | | |
| Operations: | | |
| Excess of revenue over expenses | \$ 13,841,796 | \$ 10,091,731 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 120,455 | 46,593 |
| Unrealized gains on investments | (690,874) | (1,456,238) |
| Change in non-cash operating items: | | |
| Accounts receivable | (350,158) | (40,921) |
| Lottery showhome deposits | 82,480 | (375,000) |
| Prepaid expenses | 68,596 | (45,811) |
| Purchase of inventory | (4,839) | (45,499) |
| Accounts payable | 1,062,588 | (385,473) |
| Deferred revenue | (21,250) | 27,300 |
| | 14,108,794 | 7,816,682 |
| Investing: | | |
| Net purchases of investments | (7,351,460) | (6,344,940) |
| Purchase of tangible capital assets | (59,071) | (12,267) |
| | (7,410,531) | (6,357,207) |
| Financing: | | |
| Distributions | (4,370,376) | (1,909,676) |
| Increase (decrease) in cash | 2,327,887 | (450,201) |
| Cash, beginning of year | 2,042,915 | 2,493,116 |
| Cash, end of year | \$ 4,370,802 | \$ 2,042,915 |

See accompanying notes to the financial statements

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements

For the year ended December 31, 2024

1. Nature of the Organization:

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

2. Significant Accounting Policies:

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

(a) Fund Accounting and Reserves:

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

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

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

Reserves

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

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

(b) Revenue Recognition:

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

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

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

The Foundation raises funds through two lotteries conducted under lottery licenses issued by the Saskatchewan Liquor and Gaming Authority. These financial statements reflect the results of the lotteries which ended within the fiscal year 2024.

For the year ended December 31, 2024

2. Significant Accounting Policies (continued):

(b) Revenue Recognition (continued):

Special event revenue is recognized on completion of the event and reported under charitable giving. Planned gifts include insurance policies irrevocably pledged to the Foundation and bequests. Insurance policies of which the Foundation is the irrevocable beneficiary are recorded at the fair value of the policy. Funds to be received through bequests are recognized at fair value upon receipt of formal legal notification.

The Foundation's investments, except guaranteed income certificates (GICs), have been measured at fair value, whereby changes in fair value are recognized immediately in revenue. Investment income is recognized on the accrual basis for GICs which are valued at amortized cost.

(c) Tangible Capital Assets:

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

(d) Financial Assets and Liabilities:

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

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

(e) Income Taxes:

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

(f) Volunteer Services:

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

(g) Use of Estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the valuation of investments and pledges receivable. Actual results could differ from those estimates.

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements (continued)

For the year ended December 31, 2024

(h) New Accounting Standards Adopted:

Effective January 1, 2024, the Foundation adopted AcG 20 *Customer's Accounting for Cloud Computing Arrangements*. The Foundation has chosen the simplification approach and recognizes expenditures as expenses when services are received.

3. Investments:

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Short-term investments: | | |
| Savings deposits | \$ 19,999,081 | \$ 2,212,265 |
| Guaranteed Income Certificates (GIC's) | 20,005,000 | 32,505,000 |
| Pooled fixed income funds | 3,872,637 | 3,651,328 |
| | <u>43,876,718</u> | <u>38,368,593</u> |
| Long-term investments | | |
| Pooled equity funds | 11,758,899 | 9,350,729 |
| Pooled fixed income funds | 15,193,884 | 15,067,845 |
| | <u>26,952,783</u> | <u>24,418,574</u> |
| | <u>\$ 70,829,501</u> | <u>\$ 62,787,167</u> |

The long-term investments are comprised of pooled equity funds and pooled fixed income funds. The Foundation's investments in pooled funds have no fixed maturity dates and fund returns are based on the success of the fund managers.

The Foundation's short-term investments are comprised of savings deposits bearing a floating rate of interest (2023 – floating rate of interest), pooled fixed income funds and GICs as per below:

| | 2024 | 2023 |
|---|----------------------|----------------------|
| GICs: | | |
| • RBC fixed GIC earning interest at 6.2%, maturing November 9, 2025 | \$ 10,000,000 | \$ 10,000,000 |
| • RBC fixed GIC earning interest at 6.0%, maturing February 3, 2025 | 6,500,000 | - |
| • RBC fixed GIC earning interest at 5.45%, maturing July 28, 2025 | 3,500,000 | - |
| • RBC fixed GIC to secure letter of credit, earning interest at 4.25%, maturing August 21, 2025 | 5,000 | 5,000 |
| • RBC fixed GIC earning interest at 6.65%, maturing November 3, 2024 | - | 10,000,000 |
| • RBC cashable GIC with interest fluctuating with prime, maturing November 9, 2024 | - | 7,000,000 |
| • RBC fixed GIC earning interest at 6.65%, maturing August 15, 2024 | - | 3,500,000 |
| • RBC fixed GIC earning interest at 6.57%, maturing May 7, 2024 | - | 2,000,000 |
| | <u>\$ 20,005,000</u> | <u>\$ 32,505,000</u> |

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements (continued)

For the year ended December 31, 2024

4. Pledges Receivable and Deferred Pledge Revenue:

| | 2024 | | 2023 | |
|---------------------------|------|-----------|------|---------|
| Past due | \$ | 44,153 | \$ | 31,000 |
| Due within next 12 months | | 784,627 | | 163,000 |
| Thereafter | | 1,943,000 | | 193,000 |
| | \$ | 2,771,780 | \$ | 387,000 |

Pledges have been designated as follows:

| | 2024 | | 2023 | |
|---|------|-----------|------|---------|
| Surgical campaign | \$ | - | \$ | 12,000 |
| Other equipment purchases and general support | | 2,771,780 | | 375,000 |
| | \$ | 2,771,780 | \$ | 387,000 |

5. Planned Giving Receivable and Deferred Planned Gifts:

| | 2024 | | 2023 | |
|--------------------|------|-----------|------|---------|
| Insurance policies | \$ | 205,889 | \$ | 205,889 |
| Bequests | | 1,921,342 | | 550,000 |
| | \$ | 2,127,231 | \$ | 755,889 |

6. Tangible Capital Assets:

| | 2024 | | 2023 | |
|--------------------------------|--------------|--------------------------|----------------|----------------|
| | Cost | Accumulated Amortization | Carrying Value | Carrying Value |
| Computer hardware and software | \$ 243,926 | \$ 199,802 | \$ 44,124 | \$ 18,009 |
| Donor recognition centers | 417,962 | 381,992 | 35,970 | 73,118 |
| Furniture and equipment | 248,387 | 194,366 | 54,021 | 84,673 |
| Leasehold improvements | 293,092 | 280,195 | 12,897 | 32,596 |
| | \$ 1,203,367 | 1,056,355 | 147,012 | \$ 208,396 |

Amortization for the year totaled \$120,455 (2023: \$46,593).

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements (continued)

For the year ended December 31, 2024

7. Charitable Gaming Revenue:

| | 2024 | 2023 |
|------------------------------|---------------|---------------|
| Lottery revenue | \$ 11,324,724 | \$ 11,008,575 |
| Lottery expenses | | |
| Prizes | 5,285,947 | 5,231,165 |
| Marketing and administration | 2,921,822 | 2,733,692 |
| | 3,116,955 | 3,043,718 |
| Provincial Gaming Grant | 100,000 | 100,000 |
| | \$ 3,216,955 | \$ 3,143,718 |

8. Gift Shop Revenue:

The Foundation took over operation of the gift shop at the Regina General Hospital from the Regina General Hospital Auxiliary on April 3, 2023. The gift shop opened for business on October 23, 2023.

| | 2024 | 2023 |
|-----------------------|------------|-----------|
| Gift shop revenue: | | |
| Gift shop sales | \$ 270,757 | \$ 65,200 |
| Donation of inventory | - | 43,667 |
| | 270,757 | 108,867 |
| Gift shop expenses: | | |
| Cost of sales | 133,247 | 19,467 |
| Salaries | 62,861 | 35,993 |
| Inventory loss | 5,106 | - |
| Gift shop expenses | 21,330 | 5,870 |
| | 222,544 | 61,330 |
| | \$ 48,213 | \$ 47,537 |

HOSPITALS OF REGINA FOUNDATION INC.
Notes to the Financial Statements (continued)

For the year ended December 31, 2024

9. Endowments and Special Purpose Funds:

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

| | Endowment Capital | Designations and Earnings | Fund Balance 2024 | Fund Balance 2023 |
|---------------------------|------------------------------|--|----------------------------------|----------------------------------|
| Fleming Medical Education | \$ 698,952 | \$ 1,475,653 | \$ 2,174,605 | \$ 1,961,540 |
| Caring for Life | 396,265 | 1,469,753 | 1,866,018 | 1,683,187 |
| Schmirler (NICU) | 137,324 | 467,130 | 604,454 | 545,230 |
| GI / Endoscopy | 153,490 | 491,015 | 644,505 | 581,357 |
| Cardiac Care | 169,445 | 389,970 | 559,415 | 504,604 |
| Nursing Research | - | 230,525 | 230,525 | 207,938 |
| Nuclear Pharmacy | 21,240 | 64,377 | 85,617 | 77,228 |
| McIntosh Veterans' | - | 321,107 | 321,107 | 289,645 |
| | \$ 1,576,716 | \$ 4,909,530 | \$ 6,486,246 | \$ 5,850,729 |

10. Commitments:

The Foundation is committed under an operating lease ending March 31, 2026. Annual payments for the next two years total:

| | |
|------|------------|
| 2025 | \$ 103,247 |
| 2026 | 25,812 |

The Foundation lottery program main prizes are committed for in advance. The total commitment as at December 31, 2024 is \$3,064,000 (2023 - \$3,400,000).

11. Distributions:

The Foundation has a policy of disbursing funds to the Saskatchewan Health Authority once appropriate documentation confirming the purchase of equipment or funding of medical research or education has been received by the Foundation from the Authority.

There can be a delay from the time at which a commitment to provide funding is made to the time at which funding for equipment, research or education is actually made. Approved funding commitments to the Authority of \$13,801,431 were outstanding at December 31, 2024 (2023 - \$10,346,124).

For the year ended December 31, 2024

12. Financial Risk and Concentration of Risk:

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

Interest Rate Risk:

The Foundation is exposed to interest rates with respect to its certain investments. Financial instruments are not used for trading or speculative purposes. The Foundation mitigates risk associated with these financial instruments through the Foundation's established investment policy.

Credit Risk:

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

Credit risk within investments is primarily related to savings deposits and money market fund. The Board has developed investment guidelines that limit debt instruments to those of high credit quality along with limits to the maximum notional amount of exposure.

Liquidity Risk:

The Foundation manages its liquidity risk by maintaining adequate cash and investments, preparing operating budgets and reviewing the cash flow needs of the Foundation on a regular basis.

Market Risk:

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation's pooled equity fund investments are subject to risks arising from changes in market conditions.

Geopolitical Risk:

The potential impact of future changes in government policies including tariffs and trade restrictions could affect economic conditions, investment values and business operations. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates, and assumptions.

13. Fair Values:

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

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