

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

**Financial statements
December 31, 2022**



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, 2022, 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, 2022, 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
April 26, 2023



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

	2022	2021
	\$	\$
Assets		
Current		
Cash and cash equivalents	22,891,173	11,567,869
Short-term investments <i>[note 3]</i>	9,292	7,180,825
Interest and other receivables	1,795,841	1,380,858
Prepaid expenses	78,874	20,240
Total current assets	24,775,180	20,149,792
Long-term investments <i>[note 3]</i>	119,583,538	118,980,036
Capital assets, net <i>[note 5]</i>	150,743	79,771
Other assets	122,450	122,450
	144,631,911	139,332,049
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities <i>[note 9]</i>	7,265,983	8,343,415
Total current liabilities	7,265,983	8,343,415
Commitments <i>[note 11]</i>		
Fund balances <i>[note 6]</i>		
General Fund	15,570,903	37,096,350
Restricted Fund	68,697,303	43,165,684
Endowment Fund	53,097,722	50,726,600
Total fund balances	137,365,928	130,988,634
	144,631,911	139,332,049

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Lotteries <i>[note 7]</i>	15,903,152	17,387,540	—	—	—	—	15,903,152	17,387,540
Fundraising <i>[note 7]</i>	13,019,580	16,818,507	15,096,589	8,171,962	2,263,932	216,326	30,380,101	25,206,795
Investment income (loss) <i>[note 3]</i>	(8,679,930)	10,598,632	—	1,204,397	—	1,700,032	(8,679,930)	13,503,061
Parking and miscellaneous revenue <i>[note 8]</i>	3,644,978	3,377,422	—	—	—	—	3,644,978	3,377,422
	23,887,780	48,182,101	15,096,589	9,376,359	2,263,932	1,916,358	41,248,301	59,474,818
Expenses								
Direct expenses <i>[note 8]</i>	11,136,112	11,839,623	—	—	—	—	11,136,112	11,839,623
Revenue, net of direct expenses	12,751,668	36,342,478	15,096,589	9,376,359	2,263,932	1,916,358	30,112,189	47,635,195
Indirect expenses <i>[note 10]</i>								
Other fundraising expenses	4,342,185	3,971,766	—	—	—	—	4,342,185	3,971,766
Administrative expenses	2,110,892	1,522,296	—	—	—	—	2,110,892	1,522,296
Excess of revenue over expenses before grants	6,298,591	30,848,416	15,096,589	9,376,359	2,263,932	1,916,358	23,659,112	42,141,133
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>	—	—	17,227,411	13,728,345	—	—	17,227,411	13,728,345
Contribution of services	—	—	54,407	123,855	—	—	54,407	123,855
	—	—	17,281,818	13,852,200	—	—	17,281,818	13,852,200
Excess (deficiency) of revenue over expenses for the year	6,298,591	30,848,416	(2,185,229)	(4,475,841)	2,263,932	1,916,358	6,377,293	28,288,933
Fund balances, beginning 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
Interfund transfers <i>[note 4]</i>	(27,824,038)	(18,750,160)	27,716,848	18,637,584	107,190	112,576	—	—
Fund balances, end of year	15,570,903	37,096,350	68,697,303	43,165,684	53,097,722	50,726,600	137,365,928	130,988,634

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

	2022	2021
	\$	\$
Operating activities		
Excess of revenue over expenses before grants	23,659,112	42,141,133
Grants to qualified donees	(17,281,818)	(13,852,200)
Add (deduct) items not affecting cash		
Amortization	35,207	29,953
Investment loss (income)	8,925,643	(13,439,725)
Donated shares	(2,224,688)	(911,647)
Other non-cash items	(132,924)	48,233
	12,980,532	14,015,747
Net change in non-cash working capital balances related to operations <i>[note 13]</i>	(1,551,049)	3,251,813
Cash provided by operating activities	11,429,483	17,267,560
Investing activities		
Purchase of capital assets	(106,179)	—
Deposits to externally managed investments	—	(15,000,000)
Cash used in investing activities	(106,179)	(15,000,000)
Net increase in cash during the year	11,323,304	2,267,560
Cash and cash equivalents, beginning of year	11,567,869	9,300,309
Cash and cash equivalents, end of year	22,891,173	11,567,869

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, 2022

1. Purpose of the Foundation

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 the Children’s Hospital of Eastern Ontario [“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. 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

December 31, 2022

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, arising on investments that are measured at fair market value, 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

December 31, 2022

Revenue recognition

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

- [i] Donations, grants and bequests are recorded when received unless otherwise noted. Pledges are not legally enforceable claims.
- [ii] Unrestricted contributions are recognized as revenue in the General Fund when initially recorded in the accounts.
- [iii] 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.
- [iv] Lottery and events revenue is recognized in the fiscal year in which the program is concluded.
- [v] 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 Foundation'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, 2022

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:

	2022	2021
	\$	\$
Short-term investments		
Cash and cash equivalents	9,292	7,180,825
Long-term investments		
Equities		
Canadian	26,190,804	24,797,084
Foreign	45,500,804	48,243,115
	71,691,608	73,040,199
Fixed income		
Canadian bonds	44,339,068	38,851,529
Foreign bonds	3,552,862	7,088,308
	47,891,930	45,939,837
	119,583,538	118,980,036
	119,592,830	126,160,861

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 (loss) earned on the Foundation's assets consists of the following:

	2022	2021
	\$	\$
Interest and dividends	1,638,633	2,078,828
Realized and unrealized gains (losses)	(10,318,563)	11,424,233
	(8,679,930)	13,503,061

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, 2022

4. Interfund transfers

Interfund transfers consist of the following:

	General fund		Restricted fund		Endowment fund	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Transfers in year	(27,824,038)	(18,750,160)	27,716,848	18,637,584	107,190	112,576

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:

	2022		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Furniture, fixtures and equipment	119,383	93,769	25,614
Computer hardware	342,863	250,848	92,015
Vehicle	71,657	38,543	33,114
	533,903	383,160	150,743

	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

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, 2022

6. Fund balances

The fund balances as at December 31, 2022 are as follows:

	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$
Donor restricted	—	28,447,303	26,565,454	55,012,757
Internally restricted	—	40,250,000	26,532,268	66,782,268
Unrestricted	15,570,903	—	—	15,570,903
	15,570,903	68,697,303	53,097,722	137,365,928

The fund balances as at December 31, 2021 were 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

Included in the General Fund balance is \$150,743 related to funds invested in capital assets. Included in the Endowment Fund under donor restricted is \$3,149,034 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 \$57,585 [2021 – \$132,403] were recorded as follows: Restricted Fund, \$7,974 [2021 – \$54,512] and General Fund, \$49,611 [2021 – \$77,891].

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, 2022

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
- Walmart
- NAV Canada
- LCBO
- For the Kids Gala

Lotteries

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

8. Parking agreement

On April 1, 2022, the Foundation renewed the agreement to lease the parking facility from the Hospital, effective April 1, 2022, for a three-year period ending on March 31, 2025, with lease payments of \$41,667 per month [\$500,000 annually].

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 \$3,644,978 [2021 – \$3,377,422] from the parking operations and incurred \$631,155 [2021 – \$965,507] in lease expense to the Hospital, and \$392,913 [2021 – \$506,613] 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 – nil] 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

December 31, 2022

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:

	2022	2021
	\$	\$
Research and equipment	—	5,916
Research grants and programs	8,374,561	6,469,580
Programs and services	4,262,898	3,385,144
Capital equipment	4,536,774	3,749,157
Fellowships	—	60,000
Gifts in kind	57,585	132,403
Research building	50,000	50,000
	17,281,818	13,852,200

Distributions were directed as follows: CHEO, \$8,307,257 [2021 – \$6,836,704], CHEO Research Institute, \$7,455,857 [2021 – \$6,095,251] and Roger Neilson House, \$1,518,705 [2021 – \$920,245].

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, 2022, amounts due to related parties included in accounts payable and accrued liabilities is \$4,321,449 [2021 – \$5,266,602]. 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 \$317,821 [2021 – \$319,363] 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, 2022 disclosed total assets available for benefits of \$103.7 billion with pension obligations of \$92.7 billion, resulting in a surplus of \$11.0 billion. At the end of 2022, the HOOPP was 112% 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% [2021 – 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, 2022

11. Commitments

[a] As at December 31, 2022, commitments amounting to \$22,847,000 [2021 – \$25,205,000] have been approved by the Foundation’s Board to fund expenditures on behalf of the Hospital, CHEO Research Institute and Roger Neilson House for fiscal 2023, as follows:

	\$
Capital equipment	4,200,000
Research grants and programs	5,650,000
Programs and services	6,497,000
Research building	50,000
Other capital	5,100,000
Palliative care	1,350,000
	<hr/>
	22,847,000

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, 2022, the Foundation has letters of credit outstanding, required in connection with its Dream of a Lifetime lottery and 50/50 draw, amounting to approximately \$5,026,822, expiring on February 19, 2023.

[c] As at December 31, 2022, the Foundation has a letter of credit outstanding, required in connection with its Ford 50/50 Plus for CHEO, amounting to \$500,000, expiring on February 19, 2023.

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.

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, 2022

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.

	2022	2021
	\$	\$
Interest and other receivables	(414,983)	210,721
Prepaid expenses	(58,634)	(12,291)
Accounts payable and accrued liabilities	(1,077,432)	3,052,383
	(1,551,049)	3,251,812

14. Capital Campaign

The CHEO Foundation Board of Directors has approved a motion to embark on a capital campaign in support of CHEO’s infrastructure redevelopment plans for the years 2023-2035. This includes the local share for the upcoming 1Door4Care project, as well as a series of planned redevelopment projects over the next 12 years. The full extent of CHEO Foundation’s support will not be determinable until the procurement process for each project is complete.