

# **NEO Kids Foundation**

**Independent Auditor's Report and Financial Statements**

**Year ended March 31, 2019**

## INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of the  
**NEO Kids Foundation**

### *Qualified Opinion*

We have audited the financial statements of the **NEO Kids Foundation** (the "Foundation"), which comprise the statement of financial position as at **March 31, 2019**, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion pertaining to the Foundation's financial statements as at and for the year ended March 31, 2018, presented as comparative figures in the accompanying financial statements, included a qualified opinion for the same matter occurring in that year.

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 qualified 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.

## **INDEPENDENT AUDITOR'S REPORT, continued**

### *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.

**INDEPENDENT AUDITOR'S REPORT, continued**

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.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
June 13, 2019



**NEO Kids Foundation**  
**Statement of Financial Position**  
**March 31, 2019 with comparative figures for 2018**

	Unrestricted	Internally Restricted Capital Fund	Externally Restricted (note 10)	2019	2018
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 852,405	\$ -	\$ -	\$ 852,405	\$ 1,683,114
Short-term investments (note 3)	-	-	1,507,587	1,507,587	-
Accounts receivable	14,695	-	-	14,695	40,663
Prepaid expenses	9,228	-	-	9,228	10,391
	876,328	-	1,507,587	2,383,915	1,734,168
<b>Donations in-kind (note 12)</b>	76,109	-	-	76,109	-
<b>Capital assets (note 4)</b>	-	178,040	-	178,040	198,923
	\$ 952,437	\$ 178,040	\$ 1,507,587	\$ 2,638,064	\$ 1,933,091
<b>Liabilities and Fund Balances (Deficits)</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities (note 5)	\$ 62,262	\$ -	\$ -	\$ 62,262	\$ 69,551
Deferred revenue (note 6)	30,670	-	-	30,670	-
Due to Health Sciences North (note 7)	13,549	-	-	13,549	11,504
Current portion of long-term debt	-	13,867	-	13,867	14,615
	106,481	13,867	-	120,348	95,670
<b>Interfund balances</b>	582,115	-	(582,115)	-	-
<b>Long-term debt (note 8)</b>	-	99,630	-	99,630	113,497
<b>Deferred capital contributions (note 9)</b>	-	66,503	-	66,503	71,888
<b>Fund Balances (Deficits)</b>					
Unrestricted Fund	263,841	-	-	263,841	(13,234)
Internally Restricted - Capital Fund	-	(1,960)	-	(1,960)	(1,077)
Externally restricted funds (note 10)	-	-	2,089,702	2,089,702	1,666,347
	263,841	(1,960)	2,089,702	2,351,583	1,652,036
	\$ 952,437	\$ 178,040	\$ 1,507,587	\$ 2,638,064	\$ 1,933,091

Approved on behalf of the Board of Directors:

Director  Director 

# **NEO Kids Foundation**

## **Statement of Operations**

**Year ended March 31, 2019 with comparative figures for 2018**

	Unrestricted	Internally Restricted Capital Fund	Externally Restricted (note 10)	2019	2018
<b>Revenues</b>					
Donations					
Unrestricted	\$ 702,001	\$ -	\$ -	\$ 702,001	\$ 640,884
Restricted	-	-	502,932	502,932	733,241
In-kind (note 12)	76,109	-	-	76,109	-
Grants	-	-	45,000	45,000	-
Interest and dividends	-	-	38,961	38,961	11,707
Recognition of deferred capital contributions	-	5,385	-	5,385	-
	778,110	5,385	586,893	1,370,388	1,385,832
<b>Expenses</b>					
Wages and benefits	344,717	-	-	344,717	364,551
Fundraising	66,119	-	-	66,119	44,953
Office and general	23,361	-	-	23,361	30,090
Amortization	-	20,883	-	20,883	5,970
Administration	20,003	-	-	20,003	10,000
Professional fees	9,743	-	-	9,743	26,063
Bank charges and interest	6,460	-	-	6,460	3,039
Interest on long-term debt	-	5,385	-	5,385	-
Advertising	4,886	-	-	4,886	8,982
Insurance	2,518	-	-	2,518	3,699
Travel	1,228	-	-	1,228	213
Translation	-	-	-	-	5,275
	479,035	26,268	-	505,303	502,835
<b>Excess (deficiency) of revenues over expenses before gifts to Health Sciences North</b>	299,075	(20,883)	586,893	865,085	882,997
Gifts to Health Sciences North (note 7)	(2,000)	-	(163,538)	(165,538)	(88,282)
<b>Excess (deficiency) of revenues over expenses</b>	\$ 297,075	\$ (20,883)	\$ 423,355	\$ 699,547	\$ 794,715

See accompanying notes to the financial statements

# NEO Kids Foundation

## Statement of Changes in Fund Balances

Year ended March 31, 2019 with comparative figures for 2018

	Unrestricted	Internally Restricted Capital Fund	Externally Restricted (note 10)	2019	2018
<b>Fund balance (deficit), beginning of year</b>	\$ (13,234)	\$ (1,077)	\$ 1,666,347	\$ 1,652,036	\$ 857,321
Interfund transfers (note 11)	(20,000)	20,000	-	-	-
Excess (deficiency) of revenues over expenses	297,075	(20,883)	423,355	699,547	794,715
<b>Fund balance (deficit), end of year</b>	<b>\$ 263,841</b>	<b>\$ (1,960)</b>	<b>\$ 2,089,702</b>	<b>\$ 2,351,583</b>	<b>\$ 1,652,036</b>

See accompanying notes to the financial statements

**NEO Kids Foundation****Statement of Cash Flows****Year ended March 31, 2019 with comparative figures for 2018**

	2019	2018
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 699,547	\$ 794,715
Adjustments for non-cash items		
Amortization	20,883	5,970
Donations in-kind	(76,109)	-
	644,321	800,685
Change in non-cash working capital items		
Accounts receivable	25,968	(40,663)
Prepaid expenses	1,163	(6,905)
Accounts payable and accrued liabilities	(7,289)	52,092
Deferred revenue	30,670	-
	694,833	805,209
<b>Cash flows from investing activities</b>		
Short-term investment	(1,507,587)	-
Acquisition of capital assets	-	(201,118)
	(1,507,587)	(201,118)
<b>Cash flows from financing activities</b>		
Due to Health Sciences North	2,045	879,023
Repayment of long-term debt (notes 8, 9)	(20,000)	-
Proceeds from long-term debt	-	128,112
Deferred capital contributions	-	71,888
	(17,955)	1,079,023
<b>Increase (decrease) in cash</b>	(830,709)	1,683,114
<b>Cash, beginning of year</b>	1,683,114	-
<b>Cash, end of year</b>	\$ 852,405	\$ 1,683,114



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# NEO Kids Foundation

## Notes to the Financial Statements

Year ended March 31, 2019 with comparative figures for 2018

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### 1. Status and Purpose of the Foundation

NEO Kids Foundation (the "Foundation") was established to collect, accumulate and distribute funds for the benefit of NEO Kids & Family Programs at Health Sciences North. The Foundation is a registered charity incorporated without share capital under the laws of the province of Ontario and is exempt from income tax under the Income Tax Act (Canada).

### 2. Basis of accounting and significant accounting policies

#### (a) Basis of presentation

The financial statements of the Foundation are prepared using Canadian accounting standards for not-for-profits organizations (ASNFP), and include the significant accounting policies summarized below:

#### (b) Fund accounting restricted

For financial reporting purposes, the Foundation reports revenues and expenses using the restricted fund method of presentation.

The Unrestricted Fund reports revenues and expenses related to the collection of unrestricted donations and fundraising activities as well as general operating expenses.

The Internally Restricted Capital Fund reports revenues and expenses related to capital assets.

The Externally Restricted Fund reports resources that have been restricted for specific purposes by the donors.

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# NEO Kids Foundation

## Notes to the Financial Statements

Year ended March 31, 2019 with comparative figures for 2018

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### 2. Basis of accounting and significant accounting policies, continued

#### (c) Financial instruments

##### (i) Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value of these items are recognized in operations in the period they occur.

Financial assets measured at amortized cost includes cash, short-term investments, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, amounts due to Health Sciences North and long-term debt.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

#### (d) Capital assets

Capital assets are recorded at cost. The Foundation provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rate is as follows:

Computer equipment	55%
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Amortization of leasehold improvements are recorded on a straight-line basis over the expected useful life of the assets.

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## **NEO Kids Foundation**

### **Notes to the Financial Statements**

**Year ended March 31, 2019 with comparative figures for 2018**

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#### **2. Basis of accounting and significant accounting policies, continued**

##### **(e) Long-term debt**

Long-term debt is initially measured at fair value, net of transaction costs. It is subsequently measured at amortized cost. With respect to interest-free loans, the difference between the fair value of the loan and the cash consideration paid is recognized as a deferred capital contribution and is amortized over the same useful life as the assets it was used to obtain.

##### **(f) Revenue recognition**

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue when the amount is received or can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the Unrestricted Fund. Contributions for which the donor has placed a restriction on the spending is recognized in the Restricted Fund. Revenue from special events is recognized in the period in which the event is held. In-kind contributions of assets are recognized at fair value. Interest income is recognized as it is earned.

##### **(g) Contributed services**

Directors, committee members and volunteers give their time to assist in the Foundation's activities. While these services benefit the Foundation considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

##### **(h) Impairment of long-lived assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

##### **(i) Accounting 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 affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **3. Short-term investments**

Short-term investments currently consists of cash held in a high interest savings account bearing interest of 1.6% per annum.

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**NEO Kids Foundation****Notes to the Financial Statements****Year ended March 31, 2019 with comparative figures for 2018**

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**4. Capital assets**

		2019		2018	
		Cost	Accumulated amortization	Cost	Accumulated amortization
Leasehold improvements	\$	200,000	\$ 22,951	\$ 200,000	\$ 3,279
Computer equipment		9,601	8,610	9,601	7,399
		209,601	31,561	209,601	10,678
Net book value	\$	178,040		\$ 198,923	

**5. Accounts payable and accrued liabilities**

Included in accounts payable and accrued liabilities are government remittances of \$12,485 (2018 - \$3,967).

**6. Deferred revenue**

Deferred revenue consists of tickets sold for an event set to take place after March 31, 2019.

**7. Due to Health Sciences North**

Health Sciences North is a public hospital and is independent of the NEO Kids Foundation. The Foundation raises funds on behalf of Health Sciences North to support the purchase of equipment, fund operations and support research activities.

Health Sciences North provides a number of services to the Foundation including the provision of accounting services for which the Foundation paid \$20,000 in 2019 (2018 - \$10,000).

Health Sciences North provides office space and related occupancy costs to the Foundation at no charge. In the previous year, the Foundation entered into a loan agreement with Health Sciences North to fund the renovations of office space located in the Hospital in the amount of \$200,000 (note 8). This loan is non-interest bearing and repayable in quarterly installments of \$5,000.

At March 31, 2019 the Foundation owes Health Sciences North \$13,549 (2018 - \$11,504). These amounts do not bear interest, are due on demand, with no scheduled repayments.

During the course of the year, the Foundation gifted \$165,538 (2018 - \$88,282) to Health Sciences North for the purchase of equipment, children's toys, research activities and other purposes.



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**NEO Kids Foundation****Notes to the Financial Statements****Year ended March 31, 2019 with comparative figures for 2018**

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**8. Long-term debt**

	2019	2018
Interest-free unsecured loan payable to Health Sciences North, calculated using an effective interest rate of 4.5% per annum, repayable in quarterly installments of \$5,000, maturing January 1, 2028	\$ 113,497	\$ 128,112
Less current portion	13,867	14,615
	\$ 99,630	\$ 113,497

The above loan with Health Sciences North is measured at amortized cost using the effective interest rate method of accounting. The actual balance outstanding on the mortgage at year end is \$180,000 (2018 - \$200,000).

Estimated principal repayments are as follows:

2020	\$ 13,867
2021	13,585
2022	13,291
2023	12,983
2024	12,660
Subsequent years	47,111
	\$ 113,497

**9. Deferred capital contributions**

In the previous year, the Foundation entered into a \$200,000 loan agreement with Health Sciences North, as described in note 8, to fund the acquisition of leasehold improvements. Since the loan is non-interest bearing the financial liability is initially recognized at its fair value of \$128,112 which also results in the recognition of a deferred capital contribution of \$71,888. The leasehold improvements are being amortized over 10 years and the related deferred capital contribution is being amortized over the same period. As a result, \$5,385 was recognized in relation to this contribution.



**NEO Kids Foundation**  
**Notes to Financial Statements**  
**Year ended March 31, 2019 with comparative figures for 2018**

**10. Externally Restricted Funds**

Externally restricted fund balances consist of:

**i) 2019**

	Balance, beginning of the year	Revenues	Expenses	Transfers	Balance, end of year
\$	\$	\$	\$	\$	\$
NEO Kids expansion	1,563,607	293,801	-	-	1,857,408
Equipment	1,360	175,715	(87,544)	-	89,531
Children's Treatment Centre	30,820	31,614	(3,832)	-	58,602
NEO Kids ACU	18,878	6,813	-	-	25,691
Pediatric oncology	15,092	3,470	-	-	18,562
Neonatal Intensive Care Unit	15,530	3,325	(1,190)	-	17,665
Operational costs	4,407	2,250	-	-	6,657
HSNRI	5,200	-	-	-	5,200
Pediatric Unit	7,547	14,150	(17,878)	-	3,819
Birthing centre	3,986	3,235	(4,494)	-	2,727
Mental health	(2,080)	3,920	-	-	1,840
Fellowships	1,000	-	-	-	1,000
Opportunities fund	1,000	-	-	-	1,000
Voices for Women	-	48,600	(48,600)	-	-
<b>\$</b>	<b>1,666,347</b>	<b>586,893</b>	<b>(163,538)</b>	<b>-</b>	<b>2,089,702</b>

# **NEO Kids Foundation** **Notes to Financial Statements**

**Year ended March 31, 2019 with comparative figures for 2018**

## **10. Externally Restricted Funds (continued)**

**ii) 2018**

	Balance, beginning of the year	Revenues	Expenses	Transfers	Balance, end of year
NEO Kids expansion	\$ 933,262	\$ 680,345	\$ -	(50,000)	\$ 1,563,607
Children's Treatment Centre	18,278	19,017	(6,475)	-	30,820
NEO Kids ACU	3,803	15,075	-	-	18,878
Neonatal Intensive Care Unit	29,855	3,125	(17,450)	-	15,530
Pediatric oncology	26,748	5,798	-	(17,454)	15,092
Pediatric Unit	39,248	5,299	(37,000)	-	7,547
HSNRI	-	5,200	-	-	5,200
Operational costs	4,407	-	-	-	4,407
Birthing centre	-	8,229	(21,697)	17,454	3,986
Equipment	-	1,360	-	-	1,360
Fellowships	1,000	-	-	-	1,000
Opportunities fund	1,000	-	-	-	1,000
Mental health	-	1,500	(3,580)	-	(2,080)
	\$ 1,057,601	\$ 744,948	\$ (86,202)	\$ (50,000)	\$ 1,666,347

## **11. Interfund Transfers**

During the year, \$20,000 was transferred from unrestricted net assets to the internally restricted capital asset fund to allow for the payment of long-term debt instalments during the year. This interfund transfer was approved by the Board of Directors.

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## **NEO Kids Foundation**

### **Notes to the Financial Statements**

**Year ended March 31, 2019 with comparative figures for 2018**

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#### **12. Donations in-kind**

During the year, the Foundation received a substantial donation of sports memorabilia and collectibles valued at \$76,109. These assets are held for future use during events, with an eventual plan to sell.

#### **13. Credit facilities**

A business credit card with a maximum borrowing limit of \$5,000 is held by the Foundation. At March 31, 2019 a total of \$2,119 (2018 - \$1,889) was borrowed against this facility.

#### **14. Healthcare of Ontario Pension Plan**

Substantially all of the employees of the Foundation are members of the Healthcare of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the amounts contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the plan indicates the Plan is fully funded.

Contributions to the Plan made during the year by the Foundation on behalf of its employees amounted to \$28,585 (2018 - \$25,893) and are included in the statement of operations.

At December 31, 2018, the HOOPP pension plan had total assets of \$172.9 billion (2017 - \$178.7 billion) and an accumulated surplus of \$13.9 billion (2017 - \$18.2 billion).

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## **NEO Kids Foundation**

### **Notes to the Financial Statements**

**Year ended March 31, 2019 with comparative figures for 2018**

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#### **15. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring financial risks to or from another party. The Foundation is exposed to the following financial risks associated with financial instruments and transactions it is a part to:

##### **(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risk relate to its cash, short-term investments and accounts receivable.

Credit risk associated with cash and short-term investments are minimized by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The Foundation is exposed to credit risk through accounts receivable of \$14,695 (2018 - \$40,663). The Foundation manages this risk through managements on-going monitoring of accounts receivable balances and collections and evaluating credit worthiness and collectibility.

##### **(b) Liquidity risk**

Liquidity risk is the risk the Foundation may not be able to meet its financial obligations. The Foundation is exposed to this risk mainly through its accounts payable and accrued liabilities and long-term debt. The Foundation reduces this risk by documenting when payments are due and maintaining adequate working capital to facilitate required payments.