

NEO Kids Foundation

Financial Statements

Year ended March 31, 2024



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, 2024**, and the statements of operations and 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.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the NEO Kids Foundation as at March 31, 2024 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 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 revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, and current assets and net assets as at March 31, 2024 and 2023. Our independent auditor's report pertaining to the Foundation's financial statements as at and for the year ended March 31, 2023, 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

INDEPENDENT AUDITOR'S REPORT, continued

- ♦ 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.

Freelandt Caldwell Reilly LLP

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 25, 2024

NEO Kids Foundation
Statement of Financial Position
March 31, 2024 with comparative figures for 2023

	Unrestricted		Restricted		2024	2023		
Assets								
Current								
Cash and cash equivalents	\$	2,078,823	\$	15,441	\$	2,094,264	\$	1,299,483
Short-term investments (note 3)		1,375,913		-		1,375,913		2,221,158
Accounts receivable (note 10)		34,646		119,934		154,580		409,072
Prepaid expenses		11,042		-		11,042		16,882
		3,500,424		135,375		3,635,799		3,946,595
Donations in-kind (note 9)		17,456		-		17,456		69,085
Long-term investments (note 4)		6,068,950		-		6,068,950		3,968,725
Inter-fund balances		(7,855,535)		7,855,535		-		-
	\$	1,731,295	\$	7,990,910	\$	9,722,205	\$	7,984,405
Liabilities and Fund Balances								
Current liabilities								
Accounts payable and accrued liabilities (note 5)	\$	115,753	\$	1,804	\$	117,557	\$	230,855
Due to Health Sciences North (note 6)		19,082		261,516		280,598		183,213
Deferred revenue (note 7)		34,750		-		34,750		53,470
		169,585		263,320		432,905		467,538
Fund Balances								
Unrestricted		1,561,710		-		1,561,710		1,095,521
Restricted (note 8)		-		7,727,590		7,727,590		6,421,346
		1,561,710		7,727,590		9,289,300		7,516,867
	\$	1,731,295	\$	7,990,910	\$	9,722,205	\$	7,984,405

Approved on behalf of the Board of Directors:

Director _____ Director _____

NEO Kids Foundation
Statement of Operations and Changes in Fund Balances
Year ended March 31, 2024 with comparative figures for 2023

	Unrestricted	Restricted	2024	2023
Revenues				
Donation and fundraising	\$ 582,759	\$ 709,240	\$ 1,291,999	\$ 1,168,286
Contributions from HSN 50/50 Cash Lottery for the North	-	1,061,643	1,061,643	1,445,579
Payroll-related grants and subsidies	13,101	-	13,101	21,090
	595,860	1,770,883	2,366,743	2,634,955
Expenses				
Wages and benefits	325,022	-	325,022	332,410
Fundraising	213,294	7,332	220,626	139,746
Professional fees	28,224	-	28,224	20,506
Office and general	17,093	-	17,093	9,778
Technology	13,619	-	13,619	21,959
Bank charges and transaction fees	10,444	656	11,100	9,218
Donor recognition	3,439	-	3,439	2,060
	611,135	7,988	619,123	535,677
Excess (deficiency) of revenues over expenses before undernoted items				
	(15,275)	1,762,895	1,747,620	2,099,278
Unrealized gain (loss) on investments	229,302	-	229,302	(240,080)
Interest and dividends	225,275	-	225,275	129,730
Realized gain on investments	113,756	-	113,756	84,215
Transfer from HSN	-	36,553	36,553	-
Investment fees	(34,740)	-	(34,740)	(32,334)
Loss on disposal of in-kind donations (note 9)	(51,629)	-	(51,629)	-
Excess of revenues over expenses before charitable distributions				
	466,689	1,799,448	2,266,137	2,040,809
Charitable programs	-	(14,569)	(14,569)	(8,542)
Grants to Health Sciences North (note 6)	(500)	(478,635)	(479,135)	(433,013)
Excess of revenues over expenses				
	466,189	1,306,244	1,772,433	1,599,254
Fund balance, beginning of year	1,095,521	6,421,346	7,516,867	5,917,613
Fund balance, end of year	\$ 1,561,710	\$ 7,727,590	\$ 9,289,300	\$ 7,516,867

See accompanying notes to the financial statements

NEO Kids Foundation**Cash Flows Statement****March 31, 2024 with comparative figures for 2023**

	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses	\$ 1,772,433	\$ 1,599,254
Adjustments for non-cash items		
Loss on disposal of in-kind donations	51,629	-
Gain on sale of investments	(113,756)	(84,215)
Unrealized loss (gain) on investments	(229,302)	240,080
Stock dividends	(44,769)	(32,237)
	1,436,235	1,722,882
Change in non-cash working capital items		
Accounts receivable	254,492	(147,012)
Prepaid expenses	5,840	(10,234)
Accounts payable and accrued liabilities	(113,298)	154,850
Deferred revenue	(18,720)	53,470
Due to Health Sciences North	97,385	(94,052)
	1,661,934	1,679,904
Cash flows from investing activities		
Purchase of investments	(4,796,037)	(4,243,948)
Proceeds on the sale of investments	3,928,884	1,477,926
	(867,153)	(2,766,022)
Increase (decrease) in cash	794,781	(1,086,118)
Cash, beginning of year	1,299,483	2,385,601
Cash, end of year	\$ 2,094,264	\$ 1,299,483

NEO Kids Foundation

Notes to the Financial Statements

March 31, 2024 with comparative figures for 2023

1. Status and Purpose of the Foundation

NEO Kids Foundation (the "Foundation") was established to collect, accumulate and distribute funds on behalf of the NEO Kids and 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. Significant accounting policies

The foundation follows Canadian accounting standards for not-for-profit organizations in preparing its financial statements. The significant accounting policies used are as follows:

(a) Basis of presentation

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"). To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Transfers between the funds are made when it is considered appropriate and when appropriately authorized. These inter-fund 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:

The Unrestricted Fund, which accounts for the Foundation's general fundraising, granting and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes.

The Restricted Fund, which 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.

2. **Significant accounting policies, continued**

(b) **Revenue recognition**

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the Unrestricted Fund. Restricted contributions are recognized as revenue in their respective restricted fund. Event-related registration fees and sponsorship revenues are recognized when the underlying event occurs. Payroll-related grants and subsidies are recognized as revenue in the Unrestricted Fund. In-kind contributions of assets are recognized at their fair market value, while contributions of services are not recognized.

Investment income includes dividend and interest income, unrealized and realized gains or losses and investment management fees and related expenses. Investment income earned on the Unrestricted and Restricted Funds is recognized as revenue of the Unrestricted Fund. Investment losses are recorded in a manner consistent with investment income.

(c) **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. All other financial instruments are subsequently recorded at cost or amortized cost, unless an election is made to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if any indicators of impairment exist. 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 amount or timing of future 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.

(d) **Cash and cash equivalents**

Cash and cash equivalents consist of cash and highly liquid investments which are readily converted into cash.

NEO Kids Foundation

Notes to the Financial Statements

March 31, 2024 with comparative figures for 2023

2. Significant accounting policies, continued

(e) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. 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.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Foundation's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations and changes in fund balances. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

(f) Government assistance

Government assistance received or receivable are accounted for as operating grants and are recognized as either revenue or a reduction of the capital cost of the related asset or related expense in the period in which they are earned when there is reasonable assurance that the Foundation has complied and will continue to comply with the conditions associated with the assistance.

(g) Accounting estimates

The preparation of financial statements in conformity with Part III of the CPA Canada Handbook - Accounting, Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

NEO Kids Foundation
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

3. Short-term investments

Short-term investments consist of the following balances:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Guaranteed investment certificates	\$ 837,650	\$ 837,650	\$ 1,713,900	\$ 1,713,900
High interest savings account	538,263	538,263	507,258	507,258
	\$ 1,375,913	\$ 1,375,913	\$ 2,221,158	\$ 2,221,158

4. Long-term investments

Long-term investments consist of the following balances:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Canadian equities	\$ 2,112,342	\$ 2,248,806	\$ 1,830,996	\$ 1,955,075
US fixed income, equities and other securities	888,401	1,043,049	551,143	611,479
Fixed income securities	2,732,381	2,731,090	1,520,332	1,402,171
Investment trusts	46,898	46,005	-	-
	\$ 5,780,022	\$ 6,068,950	\$ 3,902,471	\$ 3,968,725

NEO Kids Foundation

Notes to the Financial Statements

March 31, 2024 with comparative figures for 2023

5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$Nil (2023 - \$3,581).

6. Transactions with Health Sciences North

Health Sciences North is a public hospital and is independent of the Foundation. The Foundation raises funds on behalf of Health Sciences North to support the purchase of equipment, fund capital development as well as support research activities and other innovative opportunities with the intent of furthering healthcare in Northeastern Ontario.

Health Sciences North provides a number of services to the Foundation including the provision of administrative services for which the Foundation paid \$3,900 (2023 - \$3,575).

Health Sciences North provides office space and related occupancy costs to the Foundation at no charge.

The Foundation reimbursed Health Sciences North for salaries and benefits of \$Nil (2023 - \$41,214) associated with Health Sciences North staff working at the Foundation.

At March 31, 2024 the Foundation owed Health Sciences North \$280,598 (2023 - \$183,213). Included in this amount is committed and payable grants and other payables of \$261,516 and \$19,082 respectively (2023 - \$168,112 and \$15,101 respectively). These amounts do not bear interest and are due on demand with no scheduled repayments.

During the course of the year, the Foundation granted \$479,135 (2023 - \$433,013) to Health Sciences North.

7. Deferred revenue

Deferred revenue consists of registration and sponsorship-related revenues received for events set to take place after March 31, 2024.

NEO Kids Foundation
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

8. Externally Restricted Funds

Externally restricted fund balances consist of:

(a) 2024

	Balance, beginning of the year	Revenues	Expenses	Transfers/ Other	Balance, end of year
Future capital projects	\$ 3,991,315	\$ 425,013	\$ (7,285)	\$ 1,525,000	\$ 5,934,043
50/50	1,508,078	1,061,643	(115,392)	(1,500,000)	954,329
Equipment	394,789	156,380	(12,647)	(25,000)	513,522
NEO Kids ACU	125,557	-	(46,677)	-	78,880
Children's Treatment Centre	62,046	12,495	(7,828)	-	66,713
Neonatal Intensive Care Unit	71,019	45,055	(65,000)	-	51,074
Child Life Specialist	206,250	-	(165,000)	-	41,250
Pediatric oncology	23,074	-	-	-	23,074
Rides for Ben	3,715	30,000	(14,569)	-	19,146
Birthing centre	8,847	2,700	(294)	-	11,253
Pediatric Unit	9,021	-	-	-	9,021
Operational costs	6,657	-	-	-	6,657
Mental health	4,505	4,950	(4,000)	-	5,455
Research	5,200	100	-	-	5,300
Emergency Department	-	5,130	-	-	5,130
COVID-19	1,575	1,000	-	-	2,575
Fellowships	1,000	-	-	-	1,000
Opportunities fund	1,000	-	-	-	1,000
Pediatric Critical Care Unit	-	62,500	(62,500)	-	-
Voices for Women	(668)	470	-	-	(198)
Bereavement	(1,634)	-	-	-	(1,634)
	<u>\$ 6,421,346</u>	<u>\$ 1,807,436</u>	<u>\$ (501,192)</u>	<u>\$ -</u>	<u>\$ 7,727,590</u>

- (i) During the year ended March 31, 2024, the following fund transfers took place in accordance with the strategic priorities of the Foundation:
- (1) \$1,500,000 was transferred from the 50/50 fund to the future capital projects fund; and
 - (2) \$25,000 was transferred from the equipment fund to the future capital projects fund.

NEO Kids Foundation
Notes to the Financial Statements
Year ended March 31, 2024 with comparative figures for 2023

8. Externally Restricted Funds (continued)

(b) 2023

	Balance, beginning of the year		Revenues		Expenses		Transfers/ Other	Balance, end of year
Future capital projects	\$	3,382,722	\$	624,084	\$	(15,491)	\$	3,991,315
50/50		146,341		1,445,579		(83,842)		1,508,078
Equipment		499,578		46,178		(150,967)		394,789
Child Life Specialist		371,250		-		(165,000)		206,250
NEO Kids ACU		44,689		81,000		(132)		125,557
Neonatal Intensive Care Unit		45,608		25,422		(11)		71,019
Children's Treatment Centre		62,188		32,152		(32,294)		62,046
Pediatric oncology		23,074		-		-		23,074
Pediatric Unit		9,021		-		-		9,021
Birthing centre		8,847		-		-		8,847
Operational costs		6,657		-		-		6,657
Research		5,200		-		-		5,200
Mental health		4,505		-		-		4,505
Rides for Ben		12,257		-		(8,542)		3,715
COVID-19		1,575		-		-		1,575
Fellowships		1,000		-		-		1,000
Opportunities fund		1,000		-		-		1,000
MRI		577		765		(1,342)		-
Voices for Women		(668)		-		-		(668)
Bereavement		(1,634)		-		-		(1,634)
	\$	4,623,787	\$	2,255,180	\$	(457,621)	\$	6,421,346

NEO Kids Foundation

Notes to the Financial Statements

March 31, 2024 with comparative figures for 2023

9. Donations in-kind

Donations in-kind consists of donated sporting memorabilia and collectibles received in a previous year. These assets are held for future use during events, with an eventual plan to sell. During the year, a third party gained unauthorized access to the secure location where the donated assets were held, and stole a portion of the sporting memorabilia. The third party was ultimately apprehended, and the Foundation is currently working with its insurance provider to receive financial restitution. Any insurance proceeds will be recorded in the period in which the amount to be received becomes known.

10. Contributions from entities with common elements

The Foundation shares common elements of management with the following entities:

- Health Sciences North Foundation
- Northern Cancer Foundation
- Health Sciences North Volunteer Association

Each entity is independent of the other, with their own governance structure consisting of a Board of Directors. Management reports directly to each of the Boards with respect to the entity's activities.

During the year, the Foundation received a contribution from Health Sciences North Foundation through the funds raised in the HSN 50/50 Cash Lottery for the North in the amount of \$1,061,643 (2023 - \$1,445,579). Included in accounts receivable is \$119,934 (2023 - \$343,573) related to this contribution. These amounts do not bear interest and are due on demand with no scheduled repayment terms.

11. Credit facilities

A business credit card with a maximum borrowing limit of \$10,000 is held by the Foundation. At March 31, 2024 a total of \$Nil (2023 - \$Nil) was borrowed against this facility.

NEO Kids Foundation

Notes to the Financial Statements

March 31, 2024 with comparative figures for 2023

12. 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 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 \$1,305 (2023 - \$9,007) and are included in the statement of operations and changes in fund balances.

At December 31, 2023, the HOOPP pension plan had total assets of \$204 billion (2022 - \$185 billion) and an accumulated surplus of \$10 billion (2022 - \$11 billion).

NEO Kids Foundation
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

13. Financial instruments

The Foundation is exposed to various financial risks through transactions in financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Foundation is exposed to this risk relating to its cash and cash equivalents, accounts receivable and investments.

The Foundation holds its cash and cash equivalents and investments with a large reputable financial institution in order to minimize risk.

The Foundation is exposed to credit risk in accounts receivable of \$154,580 (2023 - \$409,072) which is mainly comprised of receivables from governments as well as other charitable organizations. The Foundation minimizes this risk through management's ongoing analysis and monitoring of amounts due to the Foundation, and measures its exposure based on how long amounts have been outstanding.

The Foundation is also exposed to credit risk through its investments. The Foundation has developed policies which limit exposure to any one asset, invest through a large reputable institution and regularly monitor investment performance.

There have been no significant changes from the previous year in the exposure to this risk.

(b) Liquidity risk

Liquidity risk is the risk that an organization cannot repay its obligations when they have become due to its creditors. The Foundation is exposed to this risk relating to its accounts payable and accrued liabilities. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of working capital to repay creditors as and when required.

There have been no significant changes from the previous year in the exposure to this risk.

(c) Market risk

Market risk is the risk that the fair value of an investment or future cash flows will be impacted by changes in market factors. These factors can be caused by changes in an underlying investment or factors affecting the market as a whole. The Foundation is exposed to market risk associated with certain of its investments. The fair market value of these investments fluctuate over time due to a variety of financial market factors. During the year, the Foundation continued to manage and control its exposure to market risk within its set policy parameters while maximizing investment returns.

There have been no significant changes from the previous year in the exposure to this risk.

NEO Kids Foundation
Notes to the Financial Statements
March 31, 2024 with comparative figures for 2023

13. Financial instruments, continued

(d) Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will affect the market value or future cash flows of financial instruments. The Foundation is exposed to interest rate risk through its interest-bearing investments. During the year, the Foundation continued to manage and control its exposure to interest rate risk through its set policy parameters for the interest-bearing investment portfolio.

14. Commitments

The Board of Directors has committed to Health Sciences North to provide the funds necessary for the wages of two child life specialists for a portion of the 2025 fiscal year at an amount of \$41,250, funding towards the Donor Milk Program for the 2025 fiscal year at an amount of \$20,000 and the establishment of a Pediatric Critical Care unit in the amount of \$104,608.

Subsequent to year-end, the Board has committed to Health Sciences North to provide \$108,900 towards the purchase of three fetal monitors.

15. Subsequent events

During the year, the Board of NEO Kids Foundation began an operational review of the corporate structure of the Foundation, along with the Boards of the Health Sciences North Foundation and Northern Cancer Foundation to ensure the best interests of Health Sciences North and the donors of the Foundation are being served regarding the Foundation's mandate to collect, accumulate and distribute funds to Health Sciences North and other charitable organizations that provide health care services in Northeastern Ontario.

Subsequent to year-end, the Board reaffirmed their support to working with the Health Sciences North Foundation and Northern Cancer Foundation to achieve this mandate. This process is ongoing and will impact the future operations of the Foundation, with the intent to better serve Health Sciences North and the population of Northeastern Ontario.