

Opération Enfant Soleil
Financial Statements
August 31, 2023

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Independent Auditor's Report

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To the Directors of
Opération Enfant Soleil

Qualified opinion

We have audited the financial statements of Opération Enfant Soleil (hereafter the “Organization”), which comprise the statement of financial position as at August 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies, and the schedules.

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 Organization as at August 31, 2023, 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 Organization derives revenues from activities and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded by the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to the revenues from activities and fundraising, net excess and cash flows from operating activities for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at September 1, 2022 and 2021, and August 31, 2023 and 2022. Our opinion on the financial statements for the year ended August 31, 2022, was qualified accordingly because of the possible effects of this limitation in scope.

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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*Raymond Chabot Grant Thornton LLP*¹

Québec
December 15, 2023

¹ CPA auditor, public accountancy permit no. A119912

Opération Enfant Soleil Operations

Year ended August 31, 2023

| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
|--|-----------------------------|------------|-----------------------------------|---------|-------------------|------------|
| | General administration fund | | Sport and sustainable health fund | | Total | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | |
| Donations from individuals and partners | 13,106,197 | 12,038,533 | 233,262 | 308,874 | 13,339,459 | 12,347,407 |
| Contributions from the Ministère de la Santé et des Services sociaux (MSSS) for the repatriation of newborns | 224,929 | 224,900 | | | 224,929 | 224,900 |
| Contributions from the MSSS to funds invested in tangible capital assets and intangible assets | 231,150 | 257,480 | | | 231,150 | 257,480 |
| Interest on term deposits | 1,700,021 | 381,556 | | | 1,700,021 | 381,556 |
| Revenues from activities and fundraising | 9,667,086 | 8,939,213 | | | 9,667,086 | 8,939,213 |
| Canada emergency subsidies (refunded) | | (41,128) | | | | (41,128) |
| | 24,929,383 | 21,800,554 | 233,262 | 308,874 | 25,162,645 | 22,109,428 |
| Distributions and net change in fair value of mutual funds | 222,582 | (272,482) | | | 222,582 | (272,482) |
| | 25,151,965 | 21,528,072 | 233,262 | 308,874 | 25,385,227 | 21,836,946 |
| Fundraising and support costs for the pediatric sector | | | | | | |
| Development and partnership expenses (Schedule A) | 3,512,615 | 3,704,607 | | | 3,512,615 | 3,704,607 |
| Production costs, awareness and support for the pediatric sector (Schedule B) | 1,682,971 | 1,741,467 | | | 1,682,971 | 1,741,467 |
| | 5,195,586 | 5,446,074 | | | 5,195,586 | 5,446,074 |
| Excess before general expenses and allocations | 19,956,379 | 16,081,998 | 233,262 | 308,874 | 20,189,641 | 16,390,872 |
| General expenses | | | | | | |
| Administration and management fees (Schedule C) | 1,585,500 | 1,452,133 | 77,116 | 102,114 | 1,662,616 | 1,554,247 |
| Communication expenses (Schedule D) | 457,942 | 263,707 | | | 457,942 | 263,707 |
| Excess before allocations | 17,912,937 | 14,366,158 | 156,146 | 206,760 | 18,069,083 | 14,572,918 |
| Allocations and grants | 16,872,670 | 14,252,227 | 211,136 | 106,877 | 17,083,806 | 14,359,104 |
| Net excess (deficiency) | 1,040,267 | 113,931 | (54,990) | 99,883 | 985,277 | 213,814 |

The accompanying notes and schedules are an integral part of the financial statements.

Opération Enfant Soleil

Changes in Fund Balances

Year ended August 31, 2023

| | 2023 | | | | | | 2022 | |
|--|--|--------------------|--|--|--|--|------------------|--------------|
| | General administration fund | | | | | | | |
| | Invested in tangible capital assets and intangible assets | Unallocated | Allocated to proximity fund | Allocated to regional health establishments | Capitalized funds – planned donations | Sport and sustainable health fund | Total | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Fund balances, beginning of year | 312,085 | 601,837 | 96,615 | 2,725,915 | 2,328,442 | 210,560 | 6,275,454 | 6,061,640 |
| Net excess (deficiency) | (23,492) | 2,717,702 | | (2,137,208) | 473,160 | (44,885) | 985,277 | 213,814 |
| Internal allocations – tangible capital assets and intangible assets | 232,103 | (232,103) | | | | | | |
| Internal allocations – regional health establishments (Note 12) | | (2,485,595) | (96,615) | 2,582,210 | | | | |
| Fund balances, end of year | 520,696 | 601,841 | | 3,170,917 | 2,801,602 | 165,675 | 7,260,731 | 6,275,454 |

The accompanying notes and schedules are an integral part of the financial statements.

Opération Enfant Soleil

Cash Flows

Year ended August 31, 2023

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|--------------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net excess | 985,277 | 213,814 |
| Non-cash items | | |
| Amortization of tangible capital assets | 23,492 | 41,457 |
| Amortization of intangible assets | | 5,072 |
| Distributions and net change in fair value of mutual funds | (222,582) | 272,482 |
| Net change in working capital items (Note 4) | <u>1,207,823</u> | <u>(1,138,235)</u> |
| Cash flows from operating activities | <u>1,994,010</u> | <u>(605,410)</u> |
| INVESTING ACTIVITIES | | |
| Net change term deposit | (88,027) | |
| Security deposit | | 127,203 |
| Net change in investment | | (114) |
| Disposal of investments | 32,700 | |
| Mutual funds | (44,873) | (166,553) |
| Tangible capital assets | (23,517) | (21,541) |
| Intangible assets | <u>(208,586)</u> | <u>(123,126)</u> |
| Cash flows from investing activities | <u>(332,303)</u> | <u>(184,131)</u> |
| Net increase (decrease) in cash | 1,661,707 | (789,541) |
| Cash, beginning of year | <u>13,239,674</u> | <u>14,029,215</u> |
| Cash, end of year | <u>14,901,381</u> | <u>13,239,674</u> |

The accompanying notes and schedules are an integral part of the financial statements.

Opération Enfant Soleil

Financial Position

August 31, 2023

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash | 14,901,381 | 13,239,674 |
| Term deposit, 4.25%, maturing in December 2023 | 88,027 | |
| Accounts receivable (Note 5) | 3,688,928 | 2,644,491 |
| Contributions from the MSSS to funds invested in tangible capital assets and intangible assets receivable | 982,401 | 913,551 |
| Inventories | 26,598 | 24,488 |
| Prepaid expenses | 14,284 | 22,637 |
| Security deposit | 500,000 | 500,000 |
| | 20,201,619 | 17,344,841 |
| Long-term | | |
| Investments (Note 6) | 2,243,052 | 2,008,297 |
| Tangible capital assets (Note 7) | 68,042 | 68,017 |
| Intangible assets (Note 8) | 452,654 | 244,068 |
| | 22,965,367 | 19,665,223 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and other operating liabilities (Note 10) | 683,005 | 1,031,781 |
| Allocations payable | 13,775,712 | 11,180,752 |
| Contributions from the MSSS to funds invested in tangible capital assets and intangible assets payable | 982,401 | 913,551 |
| Deferred contributions (Note 11) | 263,518 | 263,685 |
| | 15,704,636 | 13,389,769 |
| FUND BALANCES | | |
| Unallocated | 601,841 | 601,837 |
| Internally restricted (Note 12) | | |
| Invested in tangible capital assets and intangible assets | 520,696 | 312,085 |
| Allocated to proximity fund | | 96,615 |
| Allocated to regional health establishments | 3,170,917 | 2,725,915 |
| Capitalized funds – planned donations | 2,801,602 | 2,328,442 |
| Sport and sustainable health fund | 165,675 | 210,560 |
| | 7,260,731 | 6,275,454 |
| | 22,965,367 | 19,665,223 |

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Board,

Director

Director

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization was incorporated under Part III of the *Companies Act* (Quebec) for the purpose of collecting donations or sponsorships to improve the quality of care provided to children. It is a registered charity under the *Income Tax Act* and is, therefore, tax exempt.

2 - SIGNIFICANT OF ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements, notes to financial statements and schedules. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Fund accounting

Revenues and expenses relating to service delivery and administration are reported in the general administration fund.

Sport and sustainable health fund

Mission

The Organization's Sport and sustainable health fund aims to promote and support healthy lifestyles in children through sport, physical activity and healthy eating, as well as to cultivate emotional and mental well-being.

Expanding the Fund's reach

Advocating prevention more than cure, the Fund wishes to innovate by adopting the new trend, advocated by the World Health Organization, namely sustainable health. Thanks to this addition, we will have a better power of action in order to sensitize and educate young people at different levels such as:

- The adoption of healthy lifestyle habits;
- The establishment of an appropriate diet;
- The development of sound emotional health.

Revenue recognition

Contributions

The Organization follows the restricted fund method of accounting for contributions.

Contributions restricted for operating expenses are recognized as revenue of the general administration fund in the year during which the related expenses are incurred. All other restricted contributions are recognized in the appropriate fund.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

2 - SIGNIFICANT OF ACCOUNTING POLICIES (Continued)

Unrestricted contributions are recognized as revenue of the general administration fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledges

Corporate pledges are recognized as contribution revenue when the amount receivable has been confirmed by the donor and collection is reasonably assured.

Contributions from the MSSS for the repatriation of newborns and to funds invested in tangible capital assets and intangible assets

MSSS commitments to contribute to the Organization's projects are recognized up to \$224,929 (\$224,900 in 2022) for projects with respect to equipment for the maintenance and repatriation of newborns in regions, and \$231,150 (\$257,480 in 2022) for capital asset projects for pediatric purposes. The Organization is committed to reaching an agreement with the MSSS about the projects that will be supported.

The MSSS pays contributions resulting from this agreement directly to the establishments. It is the establishments' responsibility to undertake all steps and satisfy the terms for payment of these contributions.

Contributed services and goods

Each year, volunteers dedicate numerous hours helping the Organization provide its services. Additionally, the Organization receives contributions of services and goods. These contributions are not recognized in the financial statements.

Revenues from activities and projects

Revenues from activities and projects are recognized when the activity or project takes place, provided their collection is reasonably assured.

Net investment income

Investment transactions are recognized at the transaction date and the resulting revenues are recognized in the statement of operations using the accrual basis of accounting.

Net investment income includes interest income, participation in the net income of mutual funds as well as changes in fair value.

Interest income is recognized on a time proportion basis whereas dividend income is recognized when the Organization right to receive payment is established. Revenues from investment funds are recognized upon distribution. Changes in fair value are recognized when they occur.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

2 - SIGNIFICANT OF ACCOUNTING POLICIES (Continued)

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Subsequent measurement

At each reporting date, the Organization's financial assets and liabilities are measured at amortized cost (including any impairment in the case of financial assets), except for investments in mutual funds, which are measured at fair value.

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in the statement of operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

Tangible capital assets and intangible assets

Tangible capital assets and intangible assets acquired are recorded at cost. When the Organization receives contributions of capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets and intangible assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

| | <u>Periods</u> |
|--|----------------|
| Machinery, equipment, furniture and fixtures | 5 years |
| Computer equipment, software and Website | 3 years |
| Leasehold improvements | 10 years |

Write-down

When conditions indicate that a tangible capital asset or intangible asset is impaired, the net carrying amount of the tangible capital asset or intangible asset is written down to the asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

2 - SIGNIFICANT OF ACCOUNTING POLICIES (Continued)

Expenses charged to the Sport and sustainable health fund

Expenses charged to the Sport and sustainable health fund correspond to 28.73% (33.06% as at August 31, 2022) of total funds collected.

Allocations – hospital centres

The excess allocated to hospitals on the basis of the agreement (Note 3) is recognized as allocations in the statement of operations in the year the amounts are collected.

Expenses allocation

The Organization allocates a portion of the general operating expenses on the basis of allocations it considers appropriate for each type of expense and that it applies on a consistent basis year after year. Expenses for the “Public awareness and information” and “Hospital centres and organizations support” programs are allocated on a pro rata basis of the program activity levels. Allocated expenses include salaries and benefits, telethon expenses, communication expenses and administration fees.

3 - SHARING OF THE EXCESS BEFORE ALLOCATIONS

The excess before allocations is shared on the basis of an agreement between the CHU de Québec – Université Laval, Hôpital Sainte-Justine, Montréal Children’s Hospital and the Centre hospitalier universitaire de Sherbrooke.

According to the agreement, an amount equal to 87% of the excess before allocations of the MSSS contribution as well as all forms of related donations, net of planned donations to be capitalized according to the Organization’s policies, funds collected intended for the Sport and sustainable health fund, the MSSS’s contribution and interest on each foundation’s trust accounts that they receive directly, will be allocated to the hospital centre’s foundations in the following proportions:

| | % |
|--|------|
| CHU de Québec – Université Laval | 27.0 |
| Hôpital Sainte-Justine | 26.5 |
| Montréal Children's Hospital | 26.5 |
| Centre hospitalier universitaire de Sherbrooke | 7.0 |

A portion of the allocations paid is deposited and managed in a trust account opened by the foundations of each hospital. Interest earned on these accounts is recorded as interest on investments. The 13% excess will be allocated to regional health care establishment (hospitals, integrated university health and social services centres and any other organization recognized by the MSSS, with the exception of the four major centres mentioned in the previous paragraph).

The excess before allocations that is not shared will be allocated as determined by the Board of Directors.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

4 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The net change in working capital items is detailed as follows:

| | <u>2023</u> | <u>2022</u> |
|---|------------------|--------------------|
| | \$ | \$ |
| Accounts receivable | (1,044,437) | (372,733) |
| Contributions from the MSSS to funds invested in tangible capital assets and intangible assets receivable | (68,850) | (42,520) |
| Inventories | (2,110) | 2,391 |
| Prepaid expenses | 8,353 | 3,811 |
| Security deposit | | 19,500 |
| Accounts payable and other operating liabilities | (348,776) | 371,169 |
| Allocations payable | 2,594,960 | (1,227,552) |
| Contributions from the MSSS to funds invested in tangible capital assets and intangible assets payable | 68,850 | 42,520 |
| Deferred contributions | (167) | 65,179 |
| | <u>1,207,823</u> | <u>(1,138,235)</u> |

5 - ACCOUNTS RECEIVABLE

| | <u>2023</u> | <u>2022</u> |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Pledges receivable | 3,443,719 | 2,328,755 |
| Indirect taxes receivable | 123,091 | 243,884 |
| Accrued interest receivable | 122,118 | 71,852 |
| | <u>3,688,928</u> | <u>2,644,491</u> |

6 - INVESTMENTS

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| | \$ | \$ |
| Investment, 1.45% as at August 31, 2022 | | 32,700 |
| Mutual funds, at fair value | 2,243,052 | 1,975,597 |
| | <u>2,243,052</u> | <u>2,008,297</u> |

7 - TANGIBLE CAPITAL ASSETS

| | <u>2023</u> | | | <u>2022</u> |
|-------------------------|----------------|-----------------------------|------------------------|------------------------|
| | Cost | Accumulated amortization | Net carrying amount | Net carrying amount |
| | \$ | \$ | \$ | \$ |
| Machinery and equipment | 89,978 | 89,978 | | |
| Furniture and fixtures | 28,338 | 28,338 | | |
| Computer equipment | 203,278 | 175,381 | 27,897 | 18,308 |
| Leasehold improvements | 103,515 | 63,370 | 40,145 | 49,709 |
| | <u>425,109</u> | <u>357,067</u> | <u>68,042</u> | <u>68,017</u> |

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

8 - INTANGIBLE ASSETS

| | <u>2023</u> | | <u>2022</u> |
|----------------------|----------------|-----------------------------|------------------------|
| | Cost | Accumulated amortization | Net carrying amount |
| | \$ | \$ | \$ |
| Software and Website | <u>983,521</u> | <u>530,867</u> | <u>244,068</u> |

9 - BANK LOAN

The bank loan, for an authorized amount of \$150,000, bears interest at prime rate plus 1% (8.2%; 5.7% as at August 31, 2022) and is renegotiable on February 28, 2024. As at August 31, 2023, this loan is not used.

10 - ACCOUNTS PAYABLE AND OTHER OPERATING LIABILITIES

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------|-------------------------|
| | \$ | \$ |
| Accounts payable and accrued liabilities | <u>123,023</u> | 575,720 |
| Salaries and source deductions payable | <u>559,982</u> | 456,061 |
| | <u><u>683,005</u></u> | <u><u>1,031,781</u></u> |

Government remittances total \$97,184 as at August 31, 2023 (\$79,773 as at August 31, 2022).

11 - DEFERRED CONTRIBUTIONS

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Balance, beginning of year | <u>263,685</u> | 198,506 |
| Amount recognized in operations | <u>(263,685)</u> | (198,506) |
| Amount received for the next year | <u>263,518</u> | 263,685 |
| Balance, end of year | <u><u>263,518</u></u> | <u><u>263,685</u></u> |

Deferred contributions as at August 31, 2023, are primarily contributions from partners to be used in 2024.

12 - INTERNAL RESTRICTIONS

Under the excess sharing agreement (Note 3), the Organization allocates 13% of the excess before allocations to regional hospitals in accordance with certain conditions and the excess that is not shared as determined by the Board of Directors. The allocated excess for which the Organization has not received payment requests is recognized as internal restrictions as well as the excess that is not shared that will be allocated as determined by the Board of Directors.

13 - MINIMUM CHARITABLE EXPENDITURES

To maintain its charitable organization status, the Organization must meet annual spending requirements, known as minimum charitable expenditures, under the *Income Tax Act*. Minimum charitable expenditures are a calculated minimum amount that a registered charity must spend each year on its own charitable programs or by making gifts to qualified donees. Failure to comply with the requirements may result in the revocation of the Organization's registration. As of August 31, 2023, the Organization is in compliance with the Canada Revenue Agency requirements.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

14 - COMMITMENTS

The Organization has entered into long-term lease agreements maturing until 2028, which call for lease payments of \$1,746,945, excluding property tax and other indexing clauses, for the rental of premises and the use of services. Minimum lease payments for the next five years are \$677,639 in 2024, \$657,135 in 2025, \$227,185 in 2026, \$180,983 in 2027 and \$4,003 in 2028.

Additionally, the Organization has provided letters of guarantee to the Régie des alcools, des courses et des jeux du Québec to obtain licenses for draws for a value of \$500,000 maturing in August 2024 (\$500,000 in 2022), \$96,000 maturing in August 2024 (\$78,000 in 2022), \$21,000 maturing in August 2024 (\$23,000 in 2022), \$113,000 maturing in August 2024 (\$0 in 2022), \$25,000 maturing in August 2024 (\$0 in 2022), \$104,000 maturing in September 2024 (\$0 in 2022), \$16,000 maturing in September 2024 (\$0 in 2022), \$115,000 maturing in September 2025 (\$0 in 2022) and \$17,600 maturing in September 2025 (\$0 in 2022).

15 - FINANCIAL RISKS

The Organization's main financial risk exposure is detailed as follows.

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are accounts receivable and allocations receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed and variable interest rates.

The term deposit bears interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Mutual funds investments indirectly expose the Organization to the risk of changes in fair value resulting from stock and financing markets fluctuations.

The bank loan bears interest at a variable rate and the Organization is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2023

16 - GOODS AND SERVICES AT NO COST

Goods and services

As a result of its solicitation efforts, the Organization receives a significant quantity of goods and services at no cost. It estimates that it received \$3,591,760 (\$3,396,471 in 2022) in goods and services during the year from various partners and providers.

Volunteers

The Organization uses the services of numerous volunteers in its ongoing operations. These services totalled 3,470 hours for the year (3,743 hours in 2022).

These amounts and those for goods and services are not recognized in the financial statements.

Opération Enfant Soleil

Schedules

Year ended August 31, 2023

| | SCHEDULE A | |
|--|-------------------|------------------|
| | <u>2023</u> | <u>2022</u> |
| | \$ | \$ |
| <i>DEVELOPMENT AND PARTNERSHIP EXPENSES</i> | | |
| Salaries and benefits | 2,001,353 | 1,640,071 |
| Activity expenses | 862,579 | 1,393,871 |
| Direct expenses – partnerships and house | 209,462 | 156,566 |
| Travel expenses | 40,626 | 22,060 |
| Broadcast time | 196,872 | 254,900 |
| Professional services | 201,723 | 237,139 |
| | <u>3,512,615</u> | <u>3,704,607</u> |
| | | |
| | SCHEDULE B | |
| | <u>2023</u> | <u>2022</u> |
| | \$ | \$ |
| <i>PRODUCTION COSTS, AWARENESS AND SUPPORT FOR THE PEDIATRIC SECTOR</i> | | |
| Production | 688,858 | 646,126 |
| Salaries and benefits | 533,109 | 574,514 |
| Broadcast time | 135,598 | 135,852 |
| Grant tours | 22,761 | 31,233 |
| Fees and benefits | 72,033 | 64,018 |
| Physical installations | 15,000 | 7,506 |
| Advertising and printing | 50,243 | 35,612 |
| Travel expenses | 34,253 | 21,693 |
| Miscellaneous | 60,992 | 79,216 |
| Amortization of tangible capital assets and intangible assets | 3,524 | 12,437 |
| Communications | 7,080 | 43,630 |
| Rent | 25,993 | 50,051 |
| Postage and messenger service | 1,564 | 3,892 |
| Professional services | 15,999 | 7,513 |
| Telecommunications | 3,271 | 6,688 |
| Printing and supplies | 3,146 | 6,927 |
| Insurance | 8,314 | 13,430 |
| Equipment rental | 1,233 | 1,129 |
| | <u>1,682,971</u> | <u>1,741,467</u> |

