

Opération Enfant Soleil
Financial Statements
August 31, 2021



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Independent Auditor's Report

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, 2021, 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, 2021, 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 revenue from activities and projects, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these contributions was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to the revenues from activities and projects, excess of revenues over expenses and cash flows from operating activities for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020, and fund balances as at September 1, 2020 and 2019 and August 31, 2021 and 2020. Our opinion on the financial statements for the year ended August 31, 2020 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.

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Québec
(Date)

¹ CPA auditor, CA public accountancy permit no.

Opération Enfant Soleil

Operations

Year ended August 31, 2021

	2021	2020	2021	2020	2021	2020
	General administration fund		Social fund		Total	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Donations from individuals and partners	11,490,599	10,926,429	158,110		11,648,709	10,926,429
Contributions from the Ministère de la Santé et des Services sociaux (MSSS)	3,685,114	2,453,006			3,685,114	2,453,006
Contributions from the MSSS for the repatriation of newborns	224,917	225,000			224,917	225,000
Contributions from the MSSS to funds invested in tangible capital assets and intangible assets	159,522	35,878			159,522	35,878
Interest on investments	655,247	746,477			655,247	746,477
Distributions and net change in fair value of mutual funds	120,864				120,864	
Revenues from activities and projects	9,256,893	3,601,101			9,256,893	3,601,101
Canada emergency subsidies	382,267	573,795			382,267	573,795
	25,975,423	18,561,686	158,110		26,133,533	18,561,686
Expenses						
Administration and management expenses (Schedule A)	1,483,168	1,336,273	47,433		1,530,601	1,336,273
Production expenses (Schedule B)	408,288	234,910			408,288	234,910
Communication expenses (Schedule C)	197,950	150,920			197,950	150,920
Development and partnership expenses (Schedule D)	3,470,960	2,793,675			3,470,960	2,793,675
	5,560,366	4,515,778	47,433		5,607,799	4,515,778
Excess of revenues over expenses before pediatric sector support expenses and allocations	20,415,057	14,045,908	110,677		20,525,734	14,045,908
Pediatric sector support expenses (Schedule E)						
Public awareness and information	929,058	669,756			929,058	669,756
Hospital centres and organizations support	283,534	274,561			283,534	274,561
Excess of revenues over expenses before allocations	19,202,465	13,101,591	110,677		19,313,142	13,101,591
Allocations	18,102,787	12,889,411		199,974	18,102,787	13,089,385
Excess (deficiency) of revenues over expenses	1,099,678	212,180	110,677	(199,974)	1,210,355	12,206

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

Opération Enfant Soleil

Changes in Fund Balances

Year ended August 31, 2021

	2021						2020
	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	Social fund	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	137,384	599,998	96,615	2,048,801	1,968,487		4,851,285
Excess (deficiency) of revenues over expenses	(60,313)	2,367,864		(1,509,644)	301,771	110,677	1,210,355
Internal allocations – tangible capital assets and intangible assets	136,876	(136,876)					
Internal allocations – regional health establishments		(2,230,986)		2,230,986			
Balance, end of year	<u>213,947</u>	<u>600,000</u>	<u>96,615</u>	<u>2,770,143</u>	<u>2,270,258</u>	<u>110,677</u>	<u>6,061,640</u>
							4,851,285

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

Opération Enfant Soleil

Cash Flows

Year ended August 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	1,210,355	12,206
Non-cash items		
Amortization of tangible capital assets	38,616	34,823
Amortization of intangible assets	21,697	20,576
Distributions and net change in fair value of mutual funds	(120,864)	
Net change in working capital items (Note 5)	1,969,858	1,682,599
Cash flows from operating activities	<u>3,119,662</u>	<u>1,750,204</u>
INVESTING ACTIVITIES		
Net change in term deposit	1,769,603	(611,211)
Mutual funds	(1,960,662)	
Tangible capital assets	(13,130)	(33,724)
Intangible assets	(123,746)	(22,366)
Security deposit	(127,203)	
Cash flows from investing activities	<u>(455,138)</u>	<u>(667,301)</u>
Net increase in cash	<u>2,664,524</u>	1,082,903
Cash, beginning of year	<u>11,364,691</u>	<u>10,281,788</u>
Cash, end of year	<u>14,029,215</u>	<u>11,364,691</u>

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

Opération Enfant Soleil

Financial Position

August 31, 2021

	2021 \$	2020 \$
ASSETS		
Current		
Cash	14,029,215	11,364,691
Accounts receivable (Note 6)	2,271,758	1,329,672
Contributions from the MSSS to funds invested in tangible capital assets and intangible assets receivable	871,031	780,553
Inventories	26,879	175,727
Prepaid expenses	26,448	24,476
Security deposit	519,500	
	<u>17,744,831</u>	<u>13,675,119</u>
Long-term		
Investments (Note 7)	2,114,112	1,802,189
Tangible capital assets (Note 8)	87,933	113,419
Intangible assets (Note 9)	126,014	23,965
Security deposit	127,203	
	<u>20,200,093</u>	<u>15,614,692</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 11)	660,612	571,138
Allocations payable	12,408,304	8,038,608
Contributions from the MSSS to funds invested in tangible capital assets and intangible assets payable	871,031	780,553
Deferred contributions (Note 12)	198,506	1,373,108
	<u>14,138,453</u>	<u>10,763,407</u>
FUND BALANCES		
Unallocated	600,000	599,998
Internally restricted (Note 13)		
Invested in tangible capital assets and intangible assets	213,947	137,384
Allocated to proximity fund	96,615	96,615
Allocated to regional health establishments	2,770,143	2,048,801
Capitalized funds – planned donations	2,270,258	1,968,487
Externally restricted	110,677	
	<u>6,061,640</u>	<u>4,851,285</u>
	<u>20,200,093</u>	<u>15,614,692</u>

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, 2021

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 - IMPACTS RESULTING FROM THE COVID-19 PANDEMIC

In March 2020, the decree of a COVID-19 state of pandemic and the numerous measures put in place by the federal, provincial and municipal governments to protect the public had impacts on the Organization's operations. Among others, these measures led to the postponement of the Maison Enfant Soleil 2020 draw to January 2021. This crisis is likely to cause significant changes to the assets or liabilities in the coming year or have a significant impact on future operations.

Among the measures designed to alleviate the repercussions of this crisis, the Organization is eligible for a grant under the Canada emergency subsidy programs. Accordingly, a subsidy claim in the amount of \$382,267 was submitted for the period from September 1, 2020 to August 31, 2021 (\$573,795 in 2020).

3 - SUMMARY 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.

Revenues and expenses relating to the social fund's activities are presented in the social fund, which is the following:

Sport and sustainable health fund

Created as a result of an Énergie Cardio initiative, the Sport and sustainable health fund is intended to promote physical activity and healthy eating for young people to help prevent problems caused by sedentariness.

Revenue recognition

Contributions

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

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

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.

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.

MSSS contributions

MSSS commitments to contribute to the Organization's projects are recognized as revenue, up to 25% of the net funds collected, that is \$3,685,114 as at August 31, 2021 (\$2,453,006 as at August 31, 2020). 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 of payment of these contributions.

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 \$224,917 (\$225,000 in 2020) for projects with respect to equipment for the maintenance and repatriation of newborns in the regions, and \$159,522 (\$35,878 in 2020) 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.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

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.

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 financial liabilities that will be measured subsequently at cost or amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (including any impairment in the case of financial assets).

Transaction costs relating to financial assets and liabilities that are measured at amortized cost are amortized on a straight-line basis over the term of the related financial instrument. Amortization of transaction costs related to long-term debt is recognized in operations as interest expenses.

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 operations. The reversal of a previously recognized impairment loss on a financial asset measured at cost or amortized cost 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.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

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.

Expenses charged to the social fund

Expenses charged to the Sport and sustainable health fund correspond to 30% of total funds collected.

Allocations – hospital centres

The excess of revenues over expenses allocated to hospitals in the basis of the agreement (Note 4) is recognized as allocations in the statement of operations in the year the amounts are collected.

Expense 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 and administration expenses.

4 - SHARING OF THE EXCESS OF REVENUES OVER EXPENSES BEFORE ALLOCATIONS

The excess of revenues over expenses 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.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

4 - SHARING OF THE EXCESS OF REVENUES OVER EXPENSES BEFORE ALLOCATIONS (Continued)

According to the agreement, an amount equal to 87% of the excess of revenues over expenses 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 administered 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 institutions (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 of revenues over expenses before allocations that is not shared will be allocated as determined by the Board of Directors.

5 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

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

	2021	2020
	\$	\$
Accounts receivable	(942,086)	1,956,012
Contributions from the MSSS to funds invested in tangible capital assets and intangible assets receivable	(90,478)	(214,122)
Inventories	148,848	46,892
Prepaid expenses	(1,972)	6,784
Security deposit	(519,500)	
Trade payables and other operating liabilities	89,474	(258,728)
Allocations payable	4,369,696	(1,317,905)
Contributions from the MSSS to funds invested in tangible capital assets and intangible assets payable	90,478	214,122
Deferred contributions	(1,174,602)	1,249,544
	<u>1,969,858</u>	<u>1,682,599</u>

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

6 - ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Pledges receivable	1,860,190	713,914
Indirect taxes receivable	82,951	55,007
Government assistance receivable	110,248	289,828
Accrued interest receivable	218,369	270,923
	<u>2,271,758</u>	<u>1,329,672</u>

7 - INVESTMENTS

	2021	2020
	\$	\$
Redeemable term deposit, 0.15 % (0.55% in 2020), maturing in October 2028	32,586	1,802,189
Mutual funds, fair value	2,081,526	
	<u>2,114,112</u>	<u>1,802,189</u>

8 - TANGIBLE CAPITAL ASSETS

			2021	2020
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Machinery and equipment	89,978	84,830	5,148	8,903
Furniture and fixtures	28,338	23,456	4,882	10,426
Computer equipment	158,222	139,592	18,630	25,253
Leasehold improvements	103,515	44,242	59,273	68,837
	380,053	292,120	87,933	113,419

9 - INTANGIBLE ASSETS

	2021			2020
	Cost	Accumulated amortization	Net carrying amount	Net carrying amount
	\$	\$	\$	\$
Software and Website	651,808	525,794	126,014	23,965

10 - BANK LOAN

The bank loan, for an authorized amount of \$150,000, bears interest at prime rate plus 1.00% (3.45%; 3.45% in 2020) and is renegotiable on February 28, 2022. As at August 31, 2021, this loan is not used.

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

11 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2021	2020
	\$	\$
Accounts payable and accrued liabilities	231,960	193,842
Salaries and source deductions payable	428,652	377,296
	<u>660,612</u>	<u>571,138</u>

Government remittances total \$16,582 as at August 31, 2021 (\$42,306 as at August 31, 2020).

12 - DEFERRED CONTRIBUTIONS

	2021	2020
	\$	\$
Balance, beginning of year	1,373,108	123,564
Amount recognized in operations	(1,373,108)	(123,564)
Amount received for the next year	198,506	1,373,108
Balance, end of year	<u>198,506</u>	<u>1,373,108</u>

Deferred contributions as at August 31, 2021 are primarily contributions from partners to be used in 2022.

13 - INTERNAL RESTRICTIONS

Under the excess sharing agreement (Note 4), the Organization allocates 13% of the excess of revenues over expenses 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.

14 - 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, 2021, the Organization is in compliance with the Canada Revenue Agency requirements.

15 - COMMITMENTS

The Organization has entered into long-term lease agreements maturing until 2027, which call for lease payments of \$1,433,043, 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 \$635,676 in 2022, \$190,347 in 2023, \$158,568 in 2024, and \$158,273 in 2025 and 2026.

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 March 2022 (\$500,000 in 2020), \$11,500 maturing in March 2022 (\$11,500 in 2020), and \$97,619 maturing in July 2022 (\$0 in 2020).

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

16 - 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 and investments in obligations bear 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.

17 - CHARITABLE ACTIVITIES

The Organization considers that it allocates \$929,058 (\$669,756 in 2020) for public awareness and information and \$283,534 (\$274,561 in 2020) to support hospital centres and organizations. Schedule E provides details of these expenses.

Accordingly, the following table presents the proportion (percentage) of these amounts compared to total revenues in the past two years.

Investment in charitable activities

	2021	2020
	%	%
Public awareness and information	3.56	3.61
Hospital centres and organizations support	1.08	1.48
Excess of revenues over expenses before allocations	73.90	70.58
	78.54	75.67

Opération Enfant Soleil

Notes to Financial Statements

August 31, 2021

18 - 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 \$968,080 (\$1,848,492 in 2020) 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 3,334 hours for the year (4,057 hours in 2020).

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

19 - ALLOCATION OF EXPENSES BY FUNCTION

During the year, the Organization allocated expenses between the “Public awareness and information” and “Hospital centres and organizations support” programs. Details of these expenses, which were allocated between the programs using a percentage determined by the Organization’s management, are presented in Schedule E:

- Salaries and benefits are allocated on the basis of the estimated time spent by the Organization’s employees on the various programs;
- Telethon expenses (production, broadcast time, artists travel and accommodations, physical installations, etc.) were allocated on the basis of 50% for each of the two programs;
- Communication expenses were allocated on the basis of 60% for the “Public awareness and information” program and 40% for operating expenses;
- Each of the two programs was charged 15% of all of the Organization’s administrative expenses.

Opération Enfant Soleil

Schedules

Year ended August 31, 2021

SCHEDULE A

	<u>2021</u>	<u>2020</u>
	\$	\$
ADMINISTRATION AND MANAGEMENT EXPENSES		
Salaries and benefits	830,191	740,580
Meeting expenses	6,533	7,410
Insurance	21,923	22,357
Donations compilation	46,759	52,495
Volunteer management expenses	388	3,766
Credit card costs	224,706	150,854
Travel and accommodation expenses		15,689
Miscellaneous	105,927	95,860
Printing and supplies	12,536	16,991
Interest and bank charges	5,922	117
Equipment rental	6,619	5,624
Rent	164,315	151,757
Postage and messenger service	44,174	10,117
Telecommunications	18,389	23,877
Amortization of tangible capital assets and intangible assets	42,219	38,779
	<u>1,530,601</u>	<u>1,336,273</u>

SCHEDULE B

	<u>2021</u>	<u>2020</u>
	\$	\$
PRODUCTION EXPENSES		
Travel expenses	9,432	470
Miscellaneous (recovered)	3,514	(48)
Fees and benefits	32,569	31,321
Physical installations (recovered)	2,056	(4,306)
Production	310,224	85,231
Broadcast time	50,493	122,242
	<u>408,288</u>	<u>234,910</u>

Opération Enfant Soleil

Schedules

Year ended August 31, 2021

SCHEDULE C

	<u>2021</u>	<u>2020</u>
	\$	\$
COMMUNICATION EXPENSES		
Management salaries	151,967	123,947
Travel expenses	485	581
Advertising and printing	25,091	12,187
Public and press relations	<u>20,407</u>	<u>14,205</u>
	<u>197,950</u>	<u>150,920</u>

SCHEDULE D

	<u>2021</u>	<u>2020</u>
	\$	\$
DEVELOPMENT AND PARTNERSHIP EXPENSES		
Management salaries	1,383,339	1,229,998
Activity expenses	1,369,336	740,482
Direct expenses – partnerships and house	321,781	232,502
Travel expenses	7,623	24,350
Broadcast time	187,958	154,400
Professional services	<u>200,923</u>	<u>411,943</u>
	<u>3,470,960</u>	<u>2,793,675</u>

Opération Enfant Soleil

Schedules

Year ended August 31, 2021

SCHEDULE E

	2021	2020
	\$	\$
PEDIATRIC SECTOR SUPPORT EXPENSES		
Public awareness and information		
Production	310,218	85,232
Salaries and benefits	342,201	312,446
Broadcast time	50,493	122,243
Grant tours	37,103	13,761
Fees and benefits	32,569	31,321
Physical installations (recovered)	1,846	(4,306)
Advertising and printing	37,815	18,980
Travel expenses	10,390	1,169
Miscellaneous	23,916	20,181
Amortization of tangible capital assets and intangible assets	9,047	8,310
Communications	25,021	19,853
Rent	24,218	24,146
Postage and messenger service	8,008	399
Professional services	4,808	2,559
Telecommunications	3,229	4,003
Printing and supplies	2,596	3,206
Insurance	4,162	4,694
Equipment rental	1,418	1,559
	929,058	669,756
Hospital centres and organizations support		
Salaries and benefits	208,097	205,204
Amortization of tangible capital assets and intangible assets	9,047	8,310
Rent	24,218	24,146
Miscellaneous	19,414	20,077
Postage and messenger services	8,008	399
Professional services	3,551	2,559
Printing and supplies	2,680	3,596
Telecommunications	2,939	4,003
Insurance	4,162	4,694
Equipment rental	1,418	1,559
Travel expenses		14
	283,534	274,561