



ENDOWMENT REPORT 2018-19



A MESSAGE FROM THE CEO

Dear Friends,

It's been a remarkable year. You helped us raise \$159 million—an all-time SickKids Foundation record. This brings our Campaign total to \$814 million, more than halfway to the finish line. We also confirmed commitments for 20 new endowment funds, from donors new and seasoned, championing a range of innovative research.

Endowed philanthropy remains the anchor of SickKids; your sustained support allows us to weather unforeseen shortfalls in funding and respond to urgent needs, like a new hospital. We're able to keep pace with technology, recruit the best minds, and drive the sort of research that pushes paediatric medicine into new and important directions.

Though our investment returns were marginally positive last year, as the Investment Committee's value-focused strategy ran contrary to current markets, the big picture results remain impressive: close to \$1 billion total fund value and returns of 10 per cent since inception (see page five for the complete financial picture). The bottom line: endowment fund value is as lasting as it is critical to our wins and ambitions.

And what a time to invest in SickKids. Advances in genome sequencing and computational medicine offer the exhilarating possibility of treating diseases based on a patient's unique physiology. Individualized treatment is the great hope for medicine, and with leading programs

in artificial intelligence and applied genomics—supported by a new modern hospital—SickKids is poised to lead. Donor support is how we'll get there.

But it's not all about numbers. In this report we introduce you to some of the families behind the funds—why they give, what impact they've had or hope to achieve. And for readers who might be considering an investment in SickKids, Cynthia Kett, seasoned financial advisor and SickKids volunteer, answers all your endowment fund questions.

We hope you enjoy these stories and, as always, we thank you for supporting SickKids, now and in the future.

Sincerely,



Ted Garrard
CEO, SickKids Foundation



OUR NEWEST ENDOWMENT FUNDS

THANK YOU TO THE GENEROUS INDIVIDUALS,
FAMILIES, AND ORGANIZATIONS WHO ESTABLISHED
THESE ENDOWMENT FUNDS OVER THE PAST YEAR

Alice Ha Fund

Amit and Suneeta Monga Fund

Chair in Advanced Diagnostic Imaging and Innovation (Anonymous)

Diagnostic Imaging Resource Fund (Anonymous)

Dr. Peter Cox Quality Initiatives and Education in Critical Care

Ewings Cancer Foundation of Canada Fund

Karen Pape Neuroplasticity Fellowship Fund

Labatt Family Chair in Depression Biology in Children

Linda and Gary Goldberg Family Fund

Margaret Parish Fund

Schlater Family Fund

Sorbara Family Gift of Inspiration Fund

Ted Rogers Innovator in Congenital Heart Disease

Ted Rogers Innovator in Cardiac Genetics

The Betty Boop Fund (Betty Cope)

Women's Auxiliary Chair in Image-Guided Care

Wratschko Family Charitable Giving Fund



ENDOWMENT HIGHLIGHTS

59

**TOTAL ENDOWED
CHAIRS AT SICKKIDS**

\$3M

**GRANTED LAST YEAR
FOR FELLOWSHIPS**

30%

**OF TOTAL FUNDS GRANTED LAST YEAR
WERE DERIVED FROM ENDOWMENTS**

90%

**OF ENDOWMENTS ARE
INVESTED IN RESEARCH**

FINANCIALS

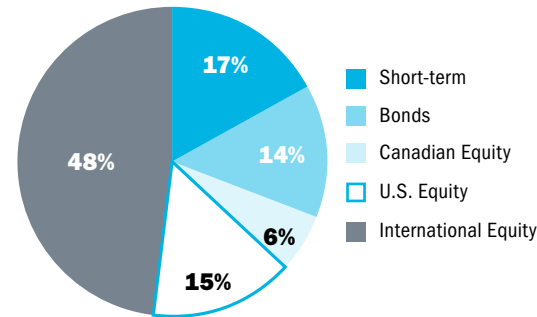
FOR THE YEAR ENDED MARCH 31, 2019: SickKids Foundation is committed to the highest standards of accountability and transparency. We were among the first nationally accredited charities under Imagine Canada's Standards Program.

Total Fundraising Revenue Endowed	\$9.7 million
Total Endowment Investment Earnings	\$5.0 million
Total Payouts from Endowments	\$58.1 million
Total Endowments	\$981.7 million

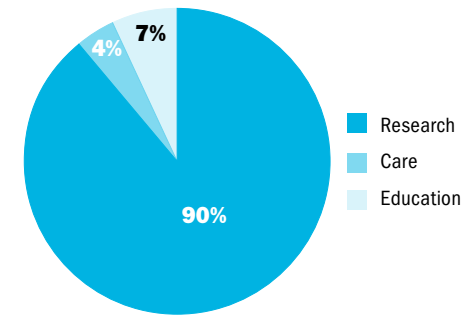
INVESTMENT RETURNS	1 Year	3 Years	5 Years	10 Years	Since Inception*
Annualized Rate of Return	0.9%	5.8%	6.0%	10.4%	10.0%
Quartile Ranking**	4 th Quartile	4 th Quartile	3 rd Quartile	1 st Quartile	Top 1%

*Inception date: March 31, 1995 **versus the RBC Investor Services Endowment and Foundation plans universe

INVESTMENT ASSET MIX



INVESTMENTS IN CHILD HEALTH FROM ENDOWMENTS



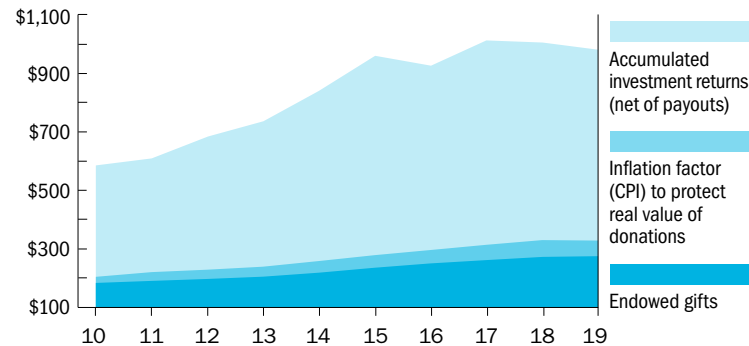
INVESTMENT MANAGEMENT AND PHILOSOPHY

The Investment Committee of the SickKids Foundation Board of Directors manages endowed funds using a long-term, value-oriented investment philosophy. The Investment Committee monitors the performance of the investment managers. The goal is to attain an average annual real total return (net of investment manager fees, after Consumer Price Index) of at least five per cent over a 10-year period.

ENDOWMENT PAYOUT POLICY

SickKids Foundation's annual endowment payout is 6.0 per cent, including a 1.5 per cent administration fee that offsets the costs to the Foundation. The annual allocation is determined by calculating the average of the previous three fiscal years' unit values multiplied by the number of units held in the endowment. The allocation is distributed in June of each year. This policy is designed to preserve the donated capital of each endowment while continuing to provide a meaningful level of support each year, for generations to come.

ENDOWMENT OUTPACES INFLATION (IN MILLIONS)



INVESTMENT ASSET GROWTH SUMMARY SINCE 1995* (IN MILLIONS)

Opening Market Value, March 31, 1995	148
Net Contribution (Withdrawal)	(102)
Investment returns, realized and unrealized gains	1,135
Ending Market Value, March 31, 2019	1,181

*Includes endowment and all other invested funds



WE WANT HIS LIFE TO MEAN SOMETHING

AFTER LOSING THEIR SON, THE FOSTER FAMILY STARTED GIVING

EMMET FOSTER WAS TWO YEARS, TWO MONTHS AND TWO DAYS OLD WHEN HE DIED AT HOME IN HIS SLEEP. AS A NEWBORN HE'D BEEN

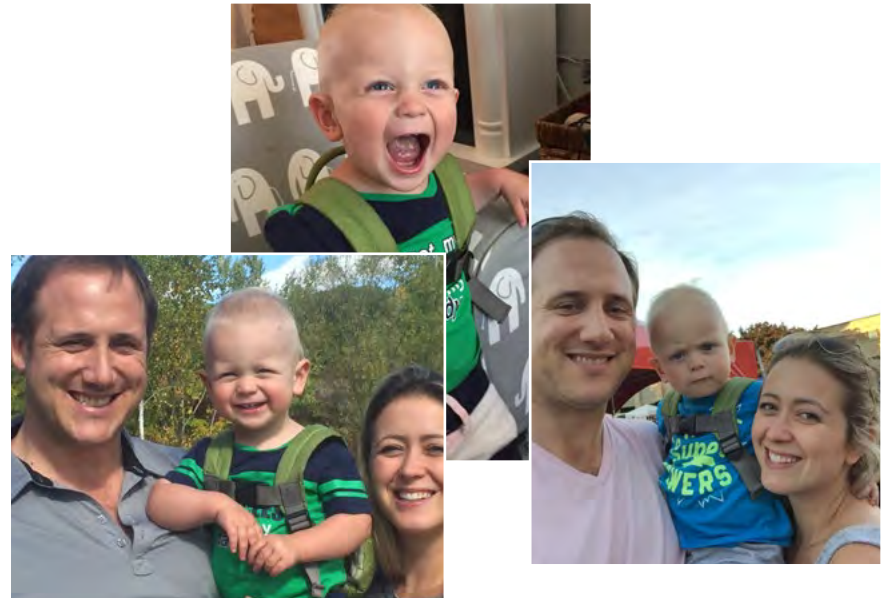
diagnosed with a rare but treatable arrhythmia. But shortly after his first birthday, a more dire diagnosis emerged: dilated cardiomyopathy, a structural defect that can drastically weaken the heart's ability to pump blood. Emmet was suddenly battling heart failure and put on the transplant list.

After two months in the cardiac ICU, Emmet stabilized enough to go home. Despite the IV medications and the weekly nurse visits, his life was relatively normal. He was a happy and positively gregarious kid, who charmed everyone he met. Within a few months at home, Emmet's heart function improved. His parents were overjoyed, but realistic. Emmet's condition was still serious, but maybe there was a chance his heart would recover, that he might not need a transplant, which confers its own risks.

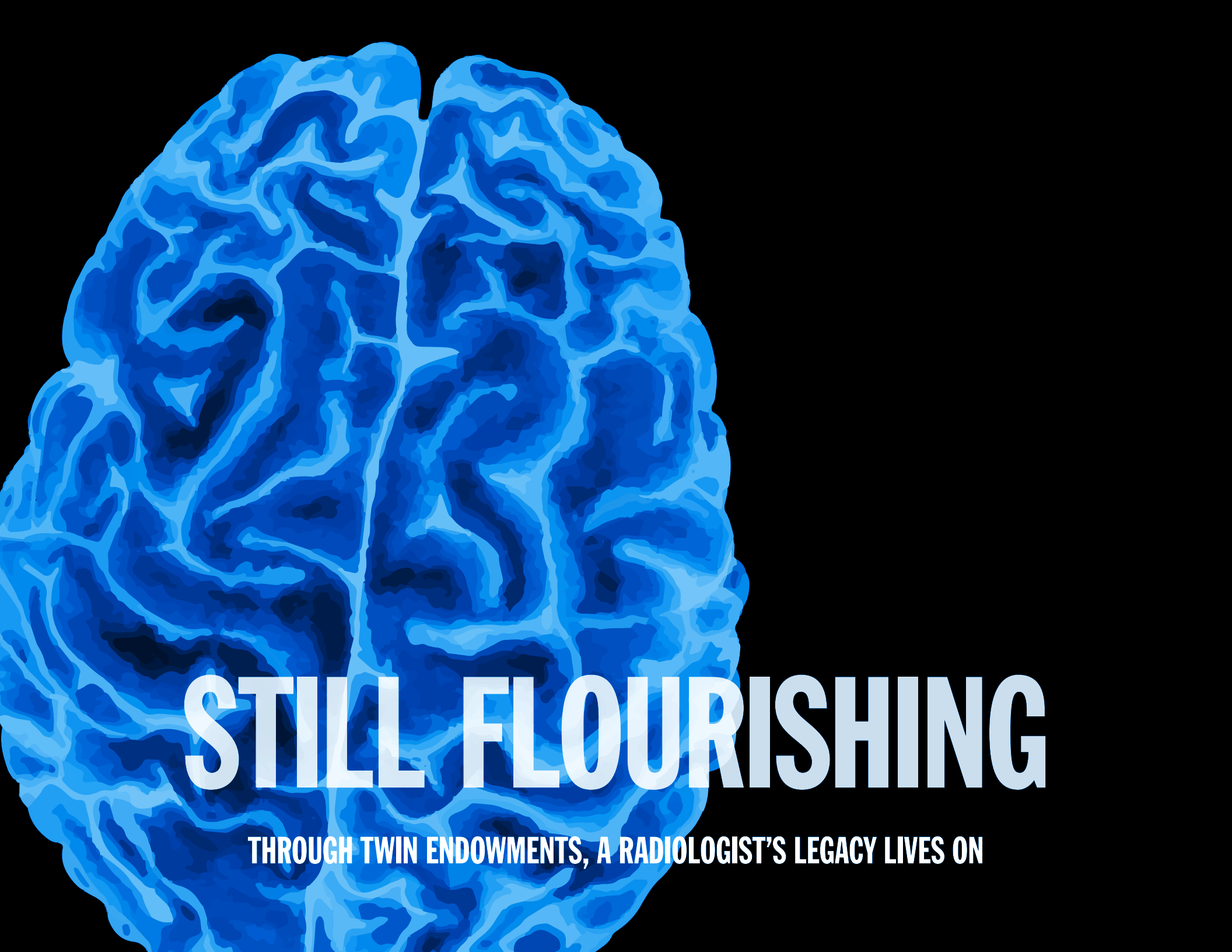
Emmet had been the picture of a healthy toddler. "He was a super strong kid; he hid his symptoms really well," says Emmet's mom, Helen. "Which was part of the problem in the end. All of us, including his nurses and doctors, thought he was better than he really was." That fateful day in May 2017 when Emmet came to the SickKids ER with persistent vomiting, it looked to doctors like a bad stomach virus, not a harbinger of heart failure. That night Helen and Jeff put Emmet to bed for the last time. "As far as they could tell, it was a fatal arrhythmia," says Helen, giving in to tears. "He would have died instantly."

"WE WANTED TO HONOUR EMMET WHILE HELPING OTHER CHILDREN."

Soon after, Helen and her husband Jeff threw themselves into fundraising. They started a tribute fund and an annual golf tournament called Rock On (a nod to Emmet's love of music). In January 2018 they created the Emmet Jeffrey Foster Endowment Fund, a permanent pipeline of support for priority projects at the Labatt Family Heart Centre (LFHC). "We wanted to honour Emmet while helping other children," says Helen. "We don't want what happened to him to happen to someone else."



Part of their funding supports the development of an innovative mobile phone app that would alert families to signs of cardiac arrest—a tool that might have saved Emmet, Helen says. In the same vein, the Cardiac Data Analytics program—a key research area of the LFHC—aims to use artificial intelligence to predict adverse cardiac events, which can strike with devastating silence. For the Fosters, there's comfort and purpose in raising money for research that could one day prevent the crisis that claimed their boy. At the same time, Emmet lives on in the name of child health.



STILL FLOURISHING

THROUGH TWIN ENDOWMENTS, A RADIOLOGIST'S LEGACY LIVES ON

IN THE FIELD OF PAEDIATRIC NEURORADIOLOGY, DR. DEREK HARWOOD-NASH IS ONE OF THE FOUNDING FATHERS.

Writing in the American Journal of Neuroradiology in 1997, Dr. Michael Huckman hailed him as “one of radiology’s great innovators and statesmen,” with a career “meteoric in its rise” and “global in its outlook.”

Born and raised in Bulawayo, Rhodesia (now Zimbabwe), Dr. Harwood-Nash was wildly prolific, publishing dozens of papers and a three-volume textbook which became a classic in its field. He was an affable teacher, with a knack for connecting with people across cultures and continents. One such person was Dr. Manohar Shroff, from Mumbai. The two met at the Radiological Society of North America in the mid-90’s. Dr. Harwood-Nash was the Radiologist-in-Chief at SickKids, Dr. Shroff a young, soft-spoken physician.

“In spite of his prominence and everybody else wanting to speak to him, he took time out to meet me, to make me feel at home,” Dr. Shroff says.

He also offered to help procure a scholarship at SickKids.

“He thought I would take that knowledge and make a difference,” Dr. Shroff says. And although Dr. Harwood-Nash wouldn’t live to see it, he was right.

Dr. Shroff is now the Radiologist-in-Chief at SickKids. But he’s not the only one who benefitted from Dr. Harwood-Nash’s tutelage.

“Teaching is his legacy,” says Mrs. Barbara Harwood-Nash.

In 1999, three years after her husband’s death, Mrs. Harwood-Nash found a way to honour that legacy. With funding from friends, family, and General Electric, Mrs. Harwood-Nash and then-SickKids CEO Mike Strofolino created two endowments in neuroradiology:

one in education, another for a medical chair. Over the past 20 years, both have made a profound difference.

This educational endowment has brought world-renowned professors to lecture on everything from spinal imaging to brain malformations. It has also funded short-term scholarships for paediatric neuroradiologists from around the world to train at the Hospital.

The impact of the endowment for the chair is even more impressive. Amongst the many things it funds is the annual Derek Harwood-Nash Symposium, a day-long educational conference that attracts top-tier international speakers. But the heart of the endowment is the Chair position, a symbol of great prestige given to the Head of Neuroradiology. With the endowment’s funds, the Chair has the freedom to lecture around the world and pursue breakthrough research.

**“YOU PUT A SEED IN PEOPLE,
AND YOU SEE IT GROW.”**

In 2018, it was awarded to Dr. Birgit Ertl-Wagner, the first woman ever to hold the title.

Hailing from Munich, Germany, Dr. Ertl-Wagner came to SickKids because she saw an opportunity to shape the field. Like Dr. Harwood-Nash, she’s a tireless researcher and a passionate teacher. It’s a job she sees as a great responsibility—and a great joy.

Says Dr. Ertl-Wagner, “You put a seed in people, and you see it grow.”



**YOUR ENDOWMENT
QUESTIONS ANSWERED**

As co-founder and Principal at Stewart and Kett Financial Advisors Inc., Cynthia Kett has more than 30 years of experience advising families on retirement, estates, and philanthropy, including tax planning. And now a member of the SickKids Professional Advisors Council, she is an endowments expert. She also follows her own advice. In 2007, Cynthia created the Kett Family Donor Advised Fund, which is split between SickKids and four other charities.

We asked her to explain everything endowment-related, just as she would to a client.

HOW DO ENDOWMENTS WORK?

An endowment is a perpetual gift. If someone wishes to make a significant gift, either as a lump sum or over time, the capital remains invested, and the annual income from that capital is used to benefit SickKids. So, it's for people who want to see their charitable gifts provide benefits over the long-term, potentially through generations.

THERE ARE SO MANY WAYS TO GIVE TO SICKKIDS.

WHAT'S THE ADVANTAGE OF AN ENDOWMENT?

An endowment allows you to give back, but it also allows you to involve your family and future generations in charitable decision-making.

HOW ARE ENDOWMENTS GOOD FOR THE HOSPITAL?

It's wonderful when SickKids receives a large, one-time gift. The Hospital can put the funds to good use immediately—particularly if there's a need for building or equipment acquisitions. But with endowments, SickKids can count on a certain amount of money every year. So, it helps with cash flow planning.

HOW DOES A DONOR ADVISED FUND DIFFER FROM A TRADITIONAL ENDOWMENT?

With traditional endowments, you contribute your capital, and the annual income from that capital benefits SickKids and only SickKids. With a donor-advised fund, the annual income from that capital can be split between SickKids and other charities.

Donor advised funds almost allow you to create a mini private foundation. SickKids does all the administration and investing, and you advise them which other charities you'd like to benefit.

WHEN'S THE RIGHT TIME TO START AN ENDOWMENT?

We're seeing more people donating during their lifetime rather than waiting until they pass away. I think people should seriously consider doing so. With financial planning, you can determine how much you can afford to give now, without compromising your family's financial security. There can be immense satisfaction

“IT'S FOR PEOPLE WHO WANT TO SEE THEIR CHARITABLE GIFTS PROVIDE BENEFITS OVER THE LONG-TERM.”

in making endowment gifts during your lifetime. You can have important family conversations about charitable giving; you can see your money at work; and you can find joy in the act of giving—and the joy it brings to others.

B+H is the design architect
of the new SickKids
Patient Support Centre.
Conceptual only and
subject to change.



ABOUT SICKKIDS

Healthier Children. A Better World.™ — a vision everyone at SickKids shares. It will continue to guide us as we look to the future of SickKids. By working together and with our partners in the community, we can lead transformational change that will improve the lives of children everywhere and create a better world for all of us.



SickKids Foundation is accredited by Imagine Canada. The above Standards Program Trustmark is a mark of Imagine Canada under license to SickKids Foundation.

Charitable Business Number: 10808 4419 RR0001