

**Red Deer Regional Health Foundation**  
**Financial Statements**  
*March 31, 2022*

To the Members of Red Deer Regional Health Foundation:

## Qualified Opinion

We have audited the financial statements of Red Deer Regional Health Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in fund balances, cash flows and the related schedules 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 Foundation as at March 31, 2022, and its financial performance 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 public support, 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 donations and fundraising revenues, excess of revenue over expenses, cash flows from operations for the year ended March 31, 2022, current assets at March 31, 2022, and net assets as at April 1, 2021 and March 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Red Deer, Alberta

July 27, 2022

*MNP LLP*

Chartered Professional Accountants

# Red Deer Regional Health Foundation

## Statement of Financial Position

*As at March 31, 2022*

	General Fund	Restricted Fund	Endowment Fund	2022	2021
<b>Assets</b>					
<b>Current</b>					
Cash (Note 3)	1,313,823	4,142,432	-	5,456,255	5,851,018
Accounts receivable (Note 4)	78,202	144,613	-	222,815	244,987
Marketable securities (Note 5)	-	9,873,354	3,742,357	13,615,711	12,024,943
Prepaid expenses and deposits	-	1,018,056	-	1,018,056	934,477
Inventory (Note 6)	-	9,224	-	9,224	9,224
Due from (to) other funds	1,119,065	(519,324)	(599,741)	-	-
	<b>2,511,090</b>	<b>14,668,355</b>	<b>3,142,616</b>	<b>20,322,061</b>	<b>19,064,649</b>
<b>Cash surrender value of life insurance (Note 7)</b>	<b>145,584</b>	<b>-</b>	<b>-</b>	<b>145,584</b>	<b>157,098</b>
	<b>2,656,674</b>	<b>14,668,355</b>	<b>3,142,616</b>	<b>20,467,645</b>	<b>19,221,747</b>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accruals (Note 8)	-	48,951	-	48,951	83,766
Deferred Hospital Lottery ticket sales	-	1,568,570	-	1,568,570	1,836,105
Wages payable	26,330	-	-	26,330	23,635
	<b>26,330</b>	<b>1,617,521</b>	<b>-</b>	<b>1,643,851</b>	<b>1,943,506</b>
<b>Fund Balances</b>					
General fund	2,630,344	-	-	2,630,344	2,310,498
Restricted fund (Note 9)	-	13,050,834	-	13,050,834	11,825,127
Endowment fund (Note 10)	-	-	3,142,616	3,142,616	3,142,616
	<b>2,630,344</b>	<b>13,050,834</b>	<b>3,142,616</b>	<b>18,823,794</b>	<b>17,278,241</b>
	<b>2,656,674</b>	<b>14,668,355</b>	<b>3,142,616</b>	<b>20,467,645</b>	<b>19,221,747</b>

Approved on behalf of the Board

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Director

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Director

The accompanying notes are an integral part of these financial statements

**Red Deer Regional Health Foundation**  
**Statement of Operations**  
*For the year ended March 31, 2022*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	<b>2022</b>	<i>2021</i>
<b>Revenue</b>					
Administrative funding <i>(Note 11)</i>	<b>168,300</b>	-	-	<b>168,300</b>	155,000
Donations	<b>599,495</b>	<b>409,428</b>	-	<b>1,008,923</b>	959,295
Fundraising (Schedule 1)	<b>59,342</b>	<b>5,155,403</b>	-	<b>5,214,745</b>	5,088,561
Government assistance <i>(Note 13)</i>	<b>4,221</b>	-	-	<b>4,221</b>	198,226
Grant revenue <i>(Note 11)</i>	-	<b>44,643</b>	-	<b>44,643</b>	50,000
Investments <i>(Note 14)</i>	<b>151,827</b>	<b>49,008</b>	-	<b>200,835</b>	1,793,841
Restricted donations	<b>165,108</b>	<b>39,277</b>	-	<b>204,385</b>	205,506
<b>Total revenue</b>	<b>1,148,293</b>	<b>5,697,759</b>	-	<b>6,846,052</b>	8,450,429
<b>Expenses</b>					
Contributions to Alberta Health Services <i>(Note 11)</i>	<b>59,175</b>	<b>1,166,669</b>	-	<b>1,225,844</b>	1,268,006
Contributions to other organizations <i>(Note 11)</i>	<b>15,000</b>	<b>3,684</b>	-	<b>18,684</b>	3,013
Fundraising (Schedule 1)	<b>35,193</b>	<b>3,195,522</b>	-	<b>3,230,715</b>	3,084,717
Operating expenses <i>(Note 15)</i>	<b>661,158</b>	<b>19,692</b>	-	<b>680,850</b>	666,582
Program purchases	<b>539</b>	<b>62,367</b>	-	<b>62,906</b>	30,095
Scholarships	-	<b>81,500</b>	-	<b>81,500</b>	83,000
<b>Total expenses</b>	<b>771,065</b>	<b>4,529,434</b>	-	<b>5,300,499</b>	5,135,413
<b>Excess of revenue over expenses</b>	<b>377,228</b>	<b>1,168,325</b>	-	<b>1,545,553</b>	3,315,016

*The accompanying notes are an integral part of these financial statements*

## Red Deer Regional Health Foundation Statement of Changes in Fund Balances

*For the year ended March 31, 2022*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	<b>2022</b>	<i>2021</i>
<b>Fund balances, beginning of year</b>	<b>2,310,498</b>	<b>11,825,127</b>	<b>3,142,616</b>	<b>17,278,241</b>	13,963,225
<b>Excess of revenue over expenses</b>	<b>377,228</b>	<b>1,168,325</b>	-	<b>1,545,553</b>	3,315,016
<b>Transfer between funds</b>	<b>(57,382)</b>	<b>57,382</b>	-	-	-
<b>Fund balances, end of year</b>	<b>2,630,344</b>	<b>13,050,834</b>	<b>3,142,616</b>	<b>18,823,794</b>	17,278,241

*The accompanying notes are an integral part of these financial statements*

**Red Deer Regional Health Foundation**  
**Statement of Cash Flows**  
*For the year ended March 31, 2022*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	<b>2022</b>	<b>2021</b>
<b>Cash provided by (used for) the following activities</b>					
<b>Operating</b>					
Excess of revenue over expenses	377,228	1,168,325	-	1,545,553	3,315,016
Unrealized losses (gains) on investments	-	98,937	-	98,937	(1,537,427)
Decrease (increase) in cash surrender value of life insurance	11,514	-	-	11,514	(2,553)
	<b>388,742</b>	<b>1,267,262</b>	<b>-</b>	<b>1,656,004</b>	<b>1,775,036</b>
Changes in working capital accounts					
Accounts receivable	1,026	21,144	-	22,170	211,804
Prepaid expenses and deposits	-	(83,579)	-	(83,579)	(238,684)
Accounts payable and accruals	-	(34,815)	-	(34,815)	(120,232)
Deferred revenue	-	(267,535)	-	(267,535)	516,091
Wages payable	2,695	-	-	2,695	5,756
	<b>392,463</b>	<b>902,477</b>	<b>-</b>	<b>1,294,940</b>	<b>2,149,771</b>
<b>Investing</b>					
Net (increase) decrease in marketable securities	-	2,294,078	-	2,294,078	(166,107)
<b>Increase in cash resources</b>	<b>392,463</b>	<b>3,196,555</b>	<b>-</b>	<b>3,589,018</b>	<b>1,983,664</b>
<b>Cash resources, beginning of year</b>	<b>726,640</b>	<b>5,717,097</b>	<b>-</b>	<b>6,443,737</b>	<b>4,460,073</b>
<b>Interfund adjustments</b>	<b>194,720</b>	<b>(194,720)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash resources, end of year</b>	<b>1,313,823</b>	<b>8,718,932</b>	<b>-</b>	<b>10,032,755</b>	<b>6,443,737</b>
<b>Cash resources are composed of:</b>					
Cash	1,313,823	4,142,432	-	5,456,255	5,851,018
Marketable securities	-	4,576,500	-	4,576,500	592,719
	<b>1,313,823</b>	<b>8,718,932</b>	<b>-</b>	<b>10,032,755</b>	<b>6,443,737</b>

*The accompanying notes are an integral part of these financial statements*

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 1. Incorporation and nature of the organization

Red Deer Regional Health Foundation (the "Foundation") was established April 1, 1994 under authority of the Regional Health Authorities Act and the Regional Health Authorities Foundations Regulation A.R. 16/95. The Foundations is exempt from income taxes and is a registered charity under the Income Tax Act ("the Act").

The Foundation is an independent fundraising organization that seeks to provide funds for the enhancement of programs and equipment for hospitals and care facilities in the City of Red Deer and the surrounding area. The ability of the Foundation to carry on its purposes is dependant on the continuing support of donors, contributions and other stakeholders.

#### ***Impact on operations of COVID-19 (coronavirus)***

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The impact of COVID-19 has been partially offset by available Government programs for which the Foundation was eligible. The Foundation has received wage subsidies from March 2020 to July 2021. Further details of these programs is described in Note 13. Eligibility requirements under these programs have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Foundation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Foundation's business and financial condition.

#### ***Impact on operations of other arising economic conditions***

At the beginning of 2022, various events and economic conditions have emerged to cause additional uncertainty about the market risk of the Foundation due to the volatile and uncertain financial markets as a result of these events. Supply and demand have become unbalanced due to unpredictable circumstances in the global economy and the impact on inflation and interest rates is unknown. There are uncertainties regarding the extent of the future impact on the Foundation's operations as these events continue. While the long-term extent of the future impact of these events is unknown, we anticipate they may cause supply chain disruptions, price volatility and inflation, all of which may negatively impact the Foundations' business and financial condition.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Fund accounting***

The Foundation follows the restricted fund method of accounting for contributions, activities of the foundation are segregated into the following funds:

The General Fund reports the Foundation's general administration activities and consists of the Foundation's unrestricted resources.

The Endowment Fund reports the Foundation's funds specifically designated by either donors or internally restricted by the board so that the principal is held permanently by the Foundation.

The Restricted Fund reports the Foundation's special projects and consists of externally restricted funds. These funds have been restricted by certain regulations and agreements under which fundraising occurs and other internally restricted funds for which the Foundation has raised funds for a specific purpose to which the contributor was aware.



# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accrued liabilities and allocation of administrative expenses require use of estimates. The Foundation allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in cash and disclosed in Note 3.

#### **Marketable securities**

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

#### **Pledges receivable**

Pledges receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### **Inventory**

Inventories held for consumption are recognized at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

#### **Revenue recognition**

The Foundation uses the restricted fund method of accounting for contributions (administrative fundraising donations, fundraising, etc.). Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the General Fund when there is not an appropriate restricted fund and all conditions have been complied with.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as revenue in the Endowment Fund.

Investment income is recognized when earned as revenue of the appropriate fund in which the investment assets are recorded. Unrestricted investment income earned on Endowment Fund resources is recognized as investment revenue of the General Fund. Restricted investment income earned on Endowment Fund resources is recognized as investment revenue of the appropriate Restricted Fund.

Revenue from lottery tickets for which results are determined based on a draw and the Foundation can definitively determine its return, is recognized when the related draw occurs.

Government assistance is recognized when there is reasonable assurance that the Foundation has complied and will continue to comply with all conditions of the assistance.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

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# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 2. Significant accounting policies (Continued from previous page)

#### **Due to (from) other funds**

Amounts due between certain funds are non-interest bearing and have no fixed terms of repayment. Such amounts arise out of administrative practice and do not change the underlying fund restrictions.

#### **Contributed materials and services**

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The Foundation benefits from contributed services in the form of volunteer time. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### **Financial instruments**

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year.

The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Financial asset impairment:**

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty, or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

### 3. Cash

Included in cash is \$4,142,432 (2021 - \$5,124,378) of restricted funds. The proceeds are to be used for specific purposes as disclosed in Note 9, and for the deferred hospital lottery ticket sales.

Cash recorded in the restricted fund consists primarily of funds received from fundraising events and casinos held under license with the Alberta Gaming and Liquor Commission (the "AGLC"). Proceeds from these fundraising events are restricted to expenses as approved by the AGLC. These funds earn interest at current bank rates.

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2022*

#### 4. Accounts receivable

	2022	2021
Hospital Lottery ticket sales	125,976	130,628
Pledges receivable	-	18,686
GST	78,203	37,144
Bequeaths	-	53,631
Casino proceeds	18,636	-
Canada Emergency Wage Subsidy (CEWS)	-	4,898
	222,815	244,987

#### 5. Marketable securities

	2022	2021
Cash and cash equivalents	4,576,500	592,719
GIC's	-	2,491,510
ATB Compass Balanced Portfolio	3,742,358	3,680,929
ATB Compass Conservative Balanced Portfolio	5,296,853	5,259,785
	13,615,711	12,024,943

Included in marketable securities is \$4,576,502 (2021 - \$592,719) of cash and cash equivalents.

Included in marketable securities is \$nil (2021 - \$2,491,510) of fixed income investments. These investments comprised of a 1 year 1.11% GIC that matured in June 2021 and a 1 year 0.90% GIC that matured in July 2021.

Included in marketable securities is \$3,742,358 (2021 - \$3,680,929) in the ATB Compass Balanced Portfolio. Within the professionally managed ATB Compass Balanced Portfolio funds, under normal conditions, the portfolio holds an asset-mix consisting of 0-5% cash and equivalents, 40-55% fixed income, 10-20% Canadian equity, 2-12% US equity, 8-18% international and global equity, and 5-15% alternative investments.

Included in marketable securities is \$5,296,851 (2021 - \$5,259,785) in the ATB Compass Conservative Balanced Portfolio. Within the professionally managed ATB Compass Conservative Balanced Portfolio funds, under normal conditions, the portfolio holds an asset-mix consisting of 0-12% cash and equivalents, 58-68% fixed income, 3-13% Canadian equity, 3-13% US equity, 5-15% international and global equity, and 2-12% Real Estate Investment Trusts. The investments held in the portfolio are diversified by asset class and investment style to minimize volatility and maximize risk-adjusted long-term returns.

The Foundation's investments are professionally managed in accordance with the Foundation's investment policies with the primary emphasis on security and liquidity of capital and a secondary emphasis on yield. Credit, foreign currency, interest rate and market risks are managed by the Foundation's investment managers whose performance is reviewed regularly.

Marketable securities of \$10,473,096 (2021 - \$8,882,328) are restricted investments related to the fund project balances in Note 9 and \$3,142,616 (2021 - \$3,142,616) are restricted to endowments in Note 10.

#### 6. Inventory

Inventory of \$9,224 (2021 - \$9,224) consists mainly of supplies and prizes purchased for the Festival of Trees.

## Red Deer Regional Health Foundation Notes to the Financial Statements

*For the year ended March 31, 2022*

### 7. Cash surrender value of life insurance

As a result of a donation, the Foundation is the designated beneficiary of two life insurance policies with a total face value of \$1,100,000 payable on the death of the last named insured. The asset is recorded at the gross cash surrender value of the policy as at year-end. Changes in the cash surrender value are reflected in investment revenue on the statement of operations.

### 8. Accounts payable and accruals

The Foundation has a credit card with ATB with a credit limit of \$20,000 (2021 - \$20,000) of which \$11,790 (2021 - \$5,579) has been drawn and included in accounts payable and accruals as at March 31, 2022. Interest on the credit card is a fixed rate of 19.90%.

### 9. Restricted fund project balances

	<b>2022</b>	<b>2021</b>
Addictions and mental health	<b>714,585</b>	747,238
Cardiac	<b>10,539</b>	161,235
Community, rehab, chronic disease management	<b>62,957</b>	109,650
Emergency & inpatient medicine	<b>208,675</b>	133,528
Festival of Trees	<b>1,433,986</b>	1,433,986
Hemo dialysis	<b>82,477</b>	124,672
Hospital's Lottery	-	701,350
Operational reserve	<b>1,500,000</b>	1,500,000
Other projects	<b>2,087</b>	3,041
Red Deer restricted	<b>2,782,375</b>	1,730,441
Rural facilities	<b>1,054,600</b>	868,225
Scholarships	<b>(35,004)</b>	(44,446)
Staff 50/50	<b>1,477,176</b>	1,227,423
Surgical	<b>507,363</b>	89,056
Volunteer resources and spiritual care	<b>7,907</b>	7,802
Women and children's health	<b>2,437,773</b>	2,189,182
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Subtotal	<b>12,247,496</b>	10,982,383
Net restricted unrealized gains on endowments	<b>803,339</b>	842,744
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	<b>13,050,835</b>	11,825,127

Restricted project balances represent specific commitments and the unallocated net proceeds of various fundraising events. As part of its strategic fundraising efforts, the Foundation works with its stakeholders to determine projects requiring funds. The allocation to various projects are subject to change.

A large majority of these funds are committed to projects with Alberta Health Services.

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2022*

### 10. Endowment fund

The Endowment Fund consists of Board endowed resources and externally restricted contributions received by the Foundation where the endowment principal is required to be left intact. The investment income generated from assets held for endowment purposes must be used in accordance with the various specific endowment agreements as established by the donors or the Board. In some cases, the investment income is restricted for a specific purpose and is recorded as revenue of the appropriate Restricted Fund. Investment income on the endowments that are not restricted for a specific purpose are recorded as revenue in the General Fund.

	2022	2021
<b>Externally endowed</b>		
Income restricted for specific purposes	1,601,497	1,601,497
Income not restricted for specific purposes	1,145,642	1,145,642
	2,747,139	2,747,139
<b>Board endowed</b>		
Income restricted for specific purposes	390,680	390,680
Income not restricted for specific purposes	4,797	4,797
	395,477	395,477
<b>Total endowments</b>	<b>3,142,616</b>	<b>3,142,616</b>

### 11. Contributions to Alberta Health Services and other organizations

The Foundation works closely with Alberta Health Services ("AHS") and other nearby Central Alberta hospital foundations and trusts to the extent that these organizations partner in the strategic direction of health care in the Red Deer region.

The Foundation has transactions in the ordinary course of operations with AHS, other foundations and health trusts as follows:

(a) Alberta Health Services - The Foundation contributed \$1,225,844 (2021 - \$1,268,006) to AHS for the purchase of equipment and funding of programs. The Foundation received \$155,000 (2021 - \$155,000) and \$23,300 (2021 - \$15,000) in funding from Alberta Health Services for administration expenses and grants, respectively.

(b) Other Foundations and Health Trusts - The Foundation transferred restricted funds in the amount of \$18,684 (2021 - \$3,013) to Foundations and Health Trusts of small communities throughout Central Alberta. These funds represent unspent donations received that are designated to be spent in a number of nearby communities.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

### 12. Net revenue by event

One of the Foundation's main fundraising events is the Hospital Lottery which begins selling tickets in March, with the final draw in July.

The fundraising special projects net revenue on *Schedule 1* reports the revenues and expenses on a fiscal basis.

The net fundraising revenue as reported on a calendar event basis, for only the 2021 event is \$252,466 (2020 event - \$631,427) from the Hospital Lottery.

## Red Deer Regional Health Foundation Notes to the Financial Statements

*For the year ended March 31, 2022*

### 13. Government assistance

In April 2020, in response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. This subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is assessed over multiple four-week application periods. The Foundation has applied for and received government assistance related to the CEWS in the amount of \$4,221 (2021 - \$198,226), which has been reflected in revenue. Of this amount, \$0 (2021 - \$4,898) was included in accounts receivable at year end.

### 14. Investments

Investment income earned is reported as follows:

	2022	2021
Income earned on unrestricted resources	12,110	7,109
Income earned on restricted resources	299,176	246,752
Unrealized gains (losses) on investments	(98,937)	1,537,427
Increase (decrease) in cash surrender value of life insurance	(11,514)	2,553
Total investment income recognized as revenue	200,835	1,793,841

### 15. Operating expenses

	2022	2021
Advertising and promotion	53,187	60,647
Audit fees	28,063	34,768
Bank and credit card fees	8,302	6,995
Board expenses	4,935	351
Courses	4,547	3,686
Donor recognition	395	82
Office	7,007	6,232
Software and support	10,578	11,230
Volunteer and staff recognition	2,739	240
Wages and benefits	561,097	542,351
Total operating expenses	680,850	666,582

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2022

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### 16. Financial instrument risks

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its fixed income securities. As interest rates fluctuate, the fair value of these securities will be impacted.

#### ***Credit risk***

Credit risk arises from the potential for an investee to fail or counter party to default on its obligations to the Foundation. The Foundation holds cash at one bank in excess of the amount that is insured by the Canadian Deposit Insurance Corporation limits.

#### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency rate risk, interest rate risk, and other price risks. The Foundation is mainly exposed to other price risk from the potential fluctuations in investment value as a result of changes in market prices.

### 17. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.