

**RED DEER
REGIONAL HEALTH FOUNDATION
Financial Statements
Year Ended March 31, 2020**



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Independent Auditor's Report

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, 2020, and the statement of operations and changes in fund balances, statement of cash flow, and fundraising special projects net revenue 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* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for non-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from third party donations and fundraising events 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 adjustment might be necessary to the donation and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, and current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years.

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 audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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.

Independent Auditor's Report (continued)

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 REGIONAL HEALTH FOUNDATION
Statement of Financial Position
March 31, 2020

	General Fund		Restricted Fund		Endowment Fund		Total	
	March 31 2020	March 31 2019	March 31 2020	March 31 2019	March 31 2020	March 31 2019	March 31 2020	March 31 2019
ASSETS								
CURRENT								
Cash (Note 2)	\$ 455,540	\$ 632,582	\$ 3,411,957	\$ 4,144,798	\$ -	\$ -	\$ 3,867,497	\$ 4,777,380
Investments (Note 3)	-	-	7,366,102	7,835,228	2,955,162	3,418,455	10,321,264	11,253,683
Accounts receivable (Note 4)	-	-	406,482	176,975	-	-	406,482	176,975
Goods and services tax receivable	50,311	57,981	-	-	-	-	50,311	57,981
Inventory (Note 5)	-	-	9,224	9,224	-	-	9,224	9,224
Due from (to) other funds	86,934	350,755	(274,387)	(74,915)	187,453	(275,840)	-	-
	592,785	1,041,318	10,919,378	12,091,310	3,142,615	3,142,615	14,654,778	16,275,243
OTHER ASSETS (Note 6)	154,545	180,063	-	-	-	-	154,545	180,063
	\$ 747,330	\$ 1,221,381	\$ 10,919,378	\$ 12,091,310	\$ 3,142,615	\$ 3,142,615	\$ 14,809,323	\$ 16,455,306
LIABILITIES AND FUND BALANCES								
CURRENT LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 203,998	\$ 69,208	\$ -	\$ -	\$ 203,998	\$ 69,208
Deferred Hospital Lottery ticket sales	-	-	1,320,015	1,258,715	-	-	1,320,015	1,258,715
Wages and withholdings payable	17,879	27,454	-	-	-	-	17,879	27,454
	17,879	27,454	1,524,013	1,327,923	-	-	1,541,892	1,355,378
FUND BALANCES								
General Fund	729,451	1,193,927	-	-	-	-	729,451	1,193,927
Restricted Fund (Note 7)	-	-	9,395,365	10,763,387	-	-	9,395,365	10,763,387
Endowment Fund (Note 8)	-	-	-	-	3,142,615	3,142,615	3,142,615	3,142,615
	729,451	1,193,927	9,395,365	10,763,387	3,142,615	3,142,615	13,267,431	15,099,929
	\$ 747,330	\$ 1,221,381	\$ 10,919,378	\$ 12,091,310	\$ 3,142,615	\$ 3,142,615	\$ 14,809,323	\$ 16,455,306

Commitments (Note 13)

On behalf of the Board:

See notes to financial statements

RED DEER REGIONAL HEALTH FOUNDATION
Statement of Operations and Changes in Fund Balances
Year Ended March 31, 2020

	General Fund		Restricted Fund		Endowment Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUE								
Donations	\$ 367,981	\$ 285,444	\$ 580,269	\$ 374,460	\$ -	\$ -	\$ 948,250	\$ 659,903
Administrative funding (Note 9)	155,000	157,000	-	-	-	-	155,000	157,000
Fundraising Revenue (Schedule 1)	39,931	-	5,095,816	6,792,864	-	-	5,135,747	6,792,864
Casino income	-	-	-	20,879	-	-	-	20,879
Grant income (Note 9)	12,521	-	20,000	-	-	-	32,521	-
Investment income (Note 10)	2,952	329,630	(146,633)	100,814	-	-	(143,681)	430,444
	578,385	772,074	5,549,452	7,289,016	-	-	6,127,836	8,061,090
EXPENSES								
Contributions to Alberta Health Services (Note 9)	78,040	13,341	3,128,153	1,759,397	-	-	3,206,192	1,772,738
Contributions to other organizations (Note 9)	-	-	179,783	70,609	-	-	179,783	70,609
Fundraising Expense (Schedule 1)	28,696	-	3,600,141	4,683,656	-	-	3,628,837	4,683,656
Operating expenses (Note 11)	794,905	816,719	-	-	-	-	794,905	816,719
Program purchases	-	-	53,618	47,835	-	-	53,618	47,835
Scholarships	-	-	97,000	79,000	-	-	97,000	79,000
	901,640	830,060	7,058,695	6,640,496	-	-	7,960,335	7,470,555
EXCESS OF REVENUE OVER EXPENSES	(323,255)	(57,986)	(1,509,243)	648,521	-	-	(1,832,498)	590,535
Fund balances, beginning of year	1,193,927	1,251,913	10,763,387	10,114,866	3,142,615	3,142,615	15,099,929	14,509,394
Interfund transfers	(141,221)	-	141,221	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 729,451	\$ 1,193,927	\$ 9,395,365	\$ 10,763,387	\$ 3,142,615	\$ 3,142,615	\$ 13,267,431	\$ 15,099,929

See notes to financial statements

RED DEER REGIONAL HEALTH FOUNDATION
Statement of Cash Flow
Year Ended March 31, 2020

	General Fund		Restricted Fund		Endowment Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Cash generated from (used by):								
OPERATING ACTIVITIES								
Excess of revenue over								
disbursements and expenses	\$ (323,255)	\$ (57,986)	\$ (1,509,243)	\$ 648,521	\$ -	\$ -	\$ (1,832,498)	\$ 590,535
Non-cash transactions:								
Amortization	-	-	-	-	-	-	-	-
Unrealized (gains) losses (Note 10)	283,424	(51,475)	201,563	112,334	-	-	484,987	60,859
Interfund transfers	(141,221)	-	141,221	-	-	-	-	-
Changes in non-cash working capital								
Accounts receivable	7,670	(17,870)	(229,507)	(49,305)	-	-	(221,837)	(67,175)
Inventory	-	-	-	3,813	-	-	-	3,813
Prepays	-	-	-	840	-	-	-	840
Accounts payable	(9,575)	10,634	134,790	(1,929,321)	-	-	125,215	(1,918,687)
Deferred Revenue	-	-	61,300	(218,465)	-	-	61,300	(218,465)
Due to (from) other funds	263,821	(22,536)	199,472	195,682	(463,292)	(173,146)	-	-
	80,864	(139,233)	(1,000,404)	(1,235,901)	(463,292)	(173,146)	(1,382,833)	(1,548,280)
INVESTING ACTIVITIES								
Net decrease (increase) in investments	(283,424)	51,474	267,563	1,070,897	463,292	173,146	447,431	1,295,517
Net decrease (increase) other asset	25,518	10,801	-	-	-	-	25,518	10,801
	(257,906)	62,275	267,563	1,070,897	463,292	173,146	472,949	1,306,318
INCREASE (DECREASE) IN CASH FLOW	(177,042)	(76,958)	(732,841)	(165,004)	-	-	(909,883)	(241,962)
Cash - beginning of year	632,582	709,540	4,144,798	4,309,802	-	-	4,777,380	5,019,342
CASH - END OF YEAR	\$ 455,540	\$ 632,582	\$ 3,411,957	\$ 4,144,798	\$ -	\$ -	\$ 3,867,497	\$ 4,777,380

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of purpose and ongoing operations

The 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 Foundation is exempt from tax and is a registered charity under the Income Tax 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 surrounding area. The ability of the Foundation to carry on its purposes is dependent on the continuing support of donors, contributors and other stakeholders.

Basis of accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Basis of presentation

The Foundation uses the restricted fund method of accounting for contributions. Activities of the Foundation are segregated into the following funds:

General fund – The general fund is comprised of the Foundation’s unrestricted resources and reports general administrative activities.

Restricted fund – The restricted fund is comprised of funds externally 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. The restricted fund reports the special projects of the Foundation.

Endowment fund – The endowment fund is comprised of funds specifically designated by either donors or internally restricted by the board so that the principal is held permanently by the Foundation.

Investments

Investments are recorded at fair value at year-end as established by the bid price trading on recognized exchanges on which the security is listed or principally traded.

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

Inventory is recorded at the lower of invoice cost and net realizable value and consists of specific items related to future fundraising projects.

(continues)

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Revenue recognition

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.

Administrative funding is recognized on a cash basis.

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.

Deferred revenue

Deferred revenue is comprised of ticket sales from undrawn lotteries.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all bonds and guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Gifts-in-kind

Gifts-in-kind donations are recognized at the date of donation, if the fair value can be reasonably estimated and the Foundation would have purchased the materials or services in the normal course of operations if the gift-in-kind donation had not been made.

Volunteers contribute a significant amount of time in assisting the Foundation achieve its purposes. Due to the difficulty in determining the fair value of such contributions and the fact the Foundation would not normally purchase such services no amounts related to donated volunteer services are recognized in these financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of equipment. Actual results could differ from these estimates.

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

2. CASH

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.

3. INVESTMENTS

	2020	2019		
	Market Value	Market Value	2020 Cost	2019 Cost
Cash and cash equivalents	\$ 592,575	\$ 4,258	\$ 592,575	\$ 4,258
Fixed income	2,460,161	3,422,547	2,423,059	3,422,547
ATB Compass Balanced Portfolio	2,915,417	3,418,174	2,329,239	2,454,731
ATB Compass Conservative Balanced Portfolio	4,353,112	4,408,704	4,395,113	4,283,926
	\$ 10,321,265	\$ 11,253,683	\$ 9,739,986	\$ 10,165,462

The fixed income investments comprise of a 1 year 2.38% GIC that will mature in June 2020 with a book value of \$423,059 and a 1 year 2.12% GIC that will mature in July 2020 with a book value of \$2,000,000.

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, 12-22% US equity, 8-18% international and global equity, and 5-15% alternative investments.

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.

4. ACCOUNTS RECEIVABLE

	2020	2019
Pledges receivable	\$ 223,962	\$ 53,939
Hospitals Lottery Ticket Sales (payroll deductions)	182,520	123,036
	\$ 406,482	\$ 176,975

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

5. INVENTORY

Inventory of \$9,224 (2019 - \$9,224) consists mainly of supplies and prizes purchased for the Festival of Trees.

6. OTHER ASSETS

	<u>2020</u>	<u>2019</u>
Cash surrender value - life insurance policy	\$ 154,545	\$ 180,063

The Foundation is the designated beneficiary in a joint universal life insurance policy with a face value of \$1,000,000 payable on death of the last named insured. The asset is recorded at the gross cash surrender value of the policy as at the year-end. Changes in cash surrender value are reflected in the Statement of Operations and Changes in Fund Balances.

7. RESTRICTED FUND PROJECT BALANCES

	<u>2020</u>	<u>2019</u>
Addictions and mental health	\$ 865,940	\$ 913,500
Cardiac	144,244	598,717
Cattle round-up	-	77,553
Community, rehab, chronic disease management	109,650	103,418
Emergency & inpatient medicine	148,848	79,593
Festival of Trees	1,458,590	2,979,305
Hemo dialysis	121,422	119,397
Hospital's Lottery	282,963	892,516
Operational reserve	1,500,000	1,500,000
Other projects	5,262	151,583
Red Deer restricted	867,078	377,094
Rural facilities	711,649	696,831
Scholarships	(19,035)	79,839
Staff 50/50 lottery	958,141	733,683
Surgical	840,982	171,069
Volunteer resources and spiritual care	8,226	4,109
Women and children's health	1,020,368	712,074
Subtotal	9,024,328	10,190,281
Net restricted unrealized gains earned on endowments	371,037	573,106
	<u>\$ 9,395,365</u>	<u>\$ 10,763,387</u>

Restricted project balances represent significant 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 Financial Statements

Year Ended March 31, 2020

8. ENDOWMENT FUND

The endowment fund consists of 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 isn't restricted for a specific purpose is recorded as revenue of the General Fund.

The endowment fund balance by source and by whether the use of the investment income is subject to a specified purpose is as follows:

	<u>2020</u>	<u>2019</u>
Externally endowed		
Income restricted for specific purposes	\$ 1,601,496	\$ 1,601,496
Income not restricted for specific purposes	<u>1,145,642</u>	<u>1,145,642</u>
	<u>2,747,138</u>	<u>2,747,138</u>
Board endowed		
Income restricted for specific purposes	390,680	390,680
Income not restricted for specific purposes	<u>4,797</u>	<u>4,797</u>
	<u>395,477</u>	<u>395,477</u>
Total endowments	<u>\$ 3,142,615</u>	<u>\$ 3,142,615</u>

9. CONTRIBUTIONS TO ORGANIZATIONS

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

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

(a) Alberta Health Services - The Foundation contributed \$3,206,193 (2019 - \$1,772,738) to AHS for the purchase of equipment and funding of programs. The Foundation received \$155,000 (2019 - \$157,000) and \$12,521 (2019 - \$0) 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 \$179,783 (2019 - \$70,609) 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 small 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.

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

10. INVESTMENT INCOME

	2020	2019
General fund		
Investment income	\$ 299,337	\$ 267,172
Bank interest	12,557	21,784
Decrease in cash surrender value of life insurance	(25,518)	(10,801)
Unrealized gains (losses) on investments	(283,424)	51,475
Total general fund investment income	<u>2,952</u>	<u>329,630</u>

Included in investment income in the general fund is net income generated by investments held for endowments on which the interest earned is unrestricted.

Restricted fund		
Investment income	54,930	213,148
Unrealized losses on investments	(201,563)	(112,334)
Total restricted fund investment income	<u>(146,633)</u>	<u>100,814</u>
Total investment income	<u>\$ (143,681)</u>	<u>\$ 430,444</u>

All of the unrealized gains and losses and investment income earned were generated by investments held for endowments on which the income earned is restricted for a specific purpose. Investment income is net of investment fees.

11. OPERATING EXPENSES

	2020	2019
General fund		
Advertising and promotion	\$ 25,799	\$ 34,477
Audit fees	37,269	30,965
Bank and credit card fees	4,171	4,443
Board expenses	2,299	263
Courses	408	10,044
Donor recognition	1,886	9,591
Office	25,109	17,149
Software and support	13,526	10,174
Travel	-	244
Volunteer and staff recognition	2,519	3,246
Wages and benefits	681,919	696,123
	<u>\$ 794,905</u>	<u>\$ 816,719</u>

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

12. NET REVENUE BY EVENT

The Foundation hosts two main fundraising events in each calendar year. The Festival of Trees, a Christmas fundraiser, is held in November. The Hospitals' Lottery 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 an calendar event basis, for only the 2019 events are: \$743,947 by the Festival of Trees and \$562,535 by the Hospitals' Lottery.

13. COMMITMENTS

Prior to March 31, 2020, the Foundation's Hospitals Lottery 2020 was launched. The Foundation is committed to completion of the 2020 Hospital's Lottery in fiscal 2021. As at March 31, 2020, the lottery had generated \$1,320,015 in ticket sales and incurred \$1,081,502 in lottery costs. The ticket sales have been recorded in the Statement of Financial Position as deferred revenue and will be recognized as revenue when the lottery is complete. The lottery costs have been recorded in the Statement of Operations in the restricted fund as fundraising expenses. The budgeted gross revenues for the 2020 Hospital's Lottery is approximately \$2,315,000 with budgeted expenditures of \$1,746,192.

In conjunction with fundraising the Foundation consults with AHS to determine the possible uses of the net fundraising revenue. Due to the complexity around the procurement and actual purchase of equipment for regional hospitals no estimate of those commitments is available.

14. SUBSEQUENT EVENTS

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy has increased.

If the impacts of COVID-19 continue there could be further impact on the Foundation and its donors, suppliers and other third party businesses and Foundation associates that could impact the timing and amounts realized of the Foundation's assets and future profitability. At this time, the full potential impact of COVID-19 on the entity is not known.

RED DEER REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2020

15. FINANCIAL INSTRUMENT RISK

The Foundation is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration of risk as at March 31, 2020.

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 three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is mainly exposed to currency rate risk and interest rate risk. Market risk also arises from the potential fluctuations in investment value as a result of changes in market prices.

Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on investments held in foreign equity securities.

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. 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.

16. COMPARATIVE FIGURES

The comparative financial statements have been reclassified from statements previously presented to conform to the revised presentation of the 2020 financial statements.

RED DEER REGIONAL HEALTH FOUNDATION
Fundraising Special Projects Net Revenue
Year Ended March 31, 2020

(Schedule 1)

	Festival of Trees <i>(Restricted)</i>	Staff Lotto <i>(Restricted)</i>	Hospitals' Lottery <i>(Restricted)</i>	Taste of Red Deer <i>(Unrestricted)</i>	Other <i>(Restricted)</i>	2020 Total	2019 Total
REVENUE							
Donations	\$ 569,413	\$ -	\$ 1,895	\$ 7,550	\$ 28,420	\$ 607,278	1,009,456
Entry fees and sales	627,294	-	2,820	30,406	13,910	674,430	1,027,468
Goods in kind	807,158	-	53,493	-	11,925	872,576	1,559,687
Lotteries, auctions and raffles	89,232	510,345	2,191,310	1,975	-	2,792,862	2,976,480
Sponsorship	109,000	-	-	-	-	109,000	153,000
Interest and other	255	23,069	56,277	-	-	79,601	66,773
	2,202,352	533,414	2,305,795	39,931	54,255	5,135,747	6,792,864
EXPENSES							
Event supplies, product and rental	605,394	748	679,016	27,708	72,763	1,385,628	1,552,838
Goods in kind	807,158	-	53,493	-	11,925	872,576	1,559,687
Lottery and auction prizes	24,784	255,300	1,089,562	988	-	1,370,634	1,571,130
	1,437,336	256,048	1,822,070	28,696	84,688	3,628,837	4,683,656
NET FUNDRAISING REVENUE, FISCAL 2020	\$ 765,016	\$ 277,367	\$ 483,725	\$ 11,235	\$ (30,433)	\$ 1,506,909	\$ 2,109,208
NET FUNDRAISING REVENUE, FISCAL 2019	\$ 975,534	\$ 306,573	\$ 567,270	\$ -	\$ 259,832	\$ 2,109,208	
NET REVENUE BY EVENT (Note 12)	\$ 743,947		\$ 562,535				