

CHINOOK REGIONAL HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

For the year ended March 31, 2022

CHINOOK REGIONAL HOSPITAL FOUNDATION
TABLE OF CONTENTS
March 31, 2022

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF OPERATIONS	2
STATEMENT OF CHANGES IN FUND BALANCES	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 9



KPMG LLP
3410 Fairway Plaza Road South
Lethbridge AB T1K 7T5
Canada
Tel 403-380-5700
Fax 403-380-5760

INDEPENDENT AUDITORS' REPORT

To the Trustees of the Chinook Regional Hospital Foundation

Opinion

We have audited the financial statements of Chinook Regional Hospital Foundation (the Foundation), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022, and its results of operations, changes in fund balances, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 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.

Auditors' 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 auditors' 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 the 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 auditors' 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 auditors' 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Lethbridge, Canada

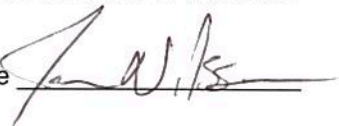
June 23, 2022

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 851,322	\$ 1,100,930
Guaranteed investment certificate (prime less 2.4% maturing September 2022, 2021 - prime less 2.2% maturing September 2021)	9,390	9,366
Accounts receivable	14,344	36,658
Goods and services tax receivable	11,765	8,321
Prepaid expenses	76,957	13,025
	963,778	1,168,300
Cash not available for current operations (note 3)	268,934	108,127
Investments, measured at fair value (note 4)	7,453,045	7,335,706
Long-term receivable (note 5)	350,000	350,000
	\$ 9,035,757	\$ 8,962,133
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 39,471	\$ 11,879
Unearned revenue	-	2,020
Due to related party (note 6)	2,952,133	2,100,741
	2,991,604	2,114,640
Fund balances		
Unrestricted	945,956	1,660,882
Internally restricted (note 7)	309,693	309,693
Restricted	1,922,365	2,189,792
Endowment	2,866,139	2,687,126
	6,044,153	6,847,493
	\$ 9,035,757	\$ 8,962,133

Approved on behalf of the board

Trustee



Trustee



CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
For the year ended March 31, 2022

	Unrestricted	Internally restricted	Restricted	Endowment	2022	2021
Revenue						
Lotteries and gaming	\$ 606,715	\$ -	\$ -	\$ -	\$ 606,715	\$ 434,820
Donations	331,238	-	130,472	-	461,710	557,942
Donations - annual campaigns	319,085	-	153,511	-	472,596	386,610
Fundraising - events	13,870	-	-	-	13,870	43,725
Investment income	97,630	-	65,070	-	162,700	144,722
Gain on sale of investments	198,583	-	-	-	198,583	302,834
Government assistance (note 11)	36,107	-	-	-	36,107	92,719
Operating grant (note 6)	142,500	-	-	-	142,500	142,500
Exchange gain (loss)	2,093	-	-	-	2,093	(174,972)
	<u>1,747,821</u>	<u>-</u>	<u>349,053</u>	<u>-</u>	<u>2,096,874</u>	<u>1,930,900</u>
Expenses						
Fundraising						
Annual campaigns	38,727	-	-	-	38,727	36,913
Events	-	-	-	-	-	4,413
Other	51,793	-	-	-	51,793	44,913
Administrative						
General	497,857	-	-	-	497,857	420,775
Professional fees	111,900	-	-	-	111,900	96,709
Lotteries and gaming	344,725	-	-	-	344,725	247,209
	<u>1,045,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,045,002</u>	<u>850,932</u>
Excess of revenue over expenses from operations before change in unrealized gain on investments	702,819	-	349,053	-	1,051,872	1,079,968
Change in unrealized gain on investments measured at fair value	(128,511)	-	-	-	(128,511)	1,092,229
Excess of revenue over expenses from operations	574,308	-	349,053	-	923,361	2,172,197
Disbursements						
Chinook Regional Hospital site (note 8)	1,110,221	-	616,480	-	1,726,701	1,242,402
Excess (deficiency) of revenue over expenses	\$ (535,913)	\$ -	\$ (267,427)	\$ -	\$ (803,340)	\$ 929,795

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2022

	Unrestricted	Internally restricted	Restricted	Endowment	2022	2021
Balance, beginning of year	\$ 1,660,882	\$ 309,693	\$ 2,189,792	\$ 2,687,126	\$ 6,847,493	\$ 5,917,698
Excess (deficiency) of revenue over expenses	(535,913)	-	(267,427)	-	(803,340)	929,795
Endowment fund inflation adjustment	(179,013)	-	-	179,013	-	-
Balance, end of year	\$ 945,956	\$ 309,693	\$ 1,922,365	\$ 2,866,139	\$ 6,044,153	\$ 6,847,493

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2022

	2022	2021
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses	\$ (803,340)	\$ 929,795
Adjustments for items which do not affect cash		
Gain on sale of investments	(198,583)	(302,834)
Change in unrealized gain on investments measured at fair value	128,511	(1,092,229)
Unrealized foreign exchange loss (gain) on investments	(1,648)	169,556
Total adjustments	(71,720)	(1,225,507)
	(875,060)	(295,712)
Change in non-cash working capital items		
Accounts receivable	22,314	(18,301)
Goods and services tax	(3,444)	1,692
Prepaid expenses	(63,932)	(881)
Accounts payable and accrued liabilities	27,592	8,000
Unearned revenue	(2,020)	2,020
Due to related party	851,392	(121,104)
	(43,158)	(424,286)
Cash flows from investing activities		
Cash not available for current operations	(160,807)	58,512
Purchase of investments	(2,647,909)	(3,514,787)
Proceeds on sale of investments	2,602,266	3,373,686
	(206,450)	(82,589)
Net decrease in cash and cash equivalents	(249,608)	(506,875)
Cash and cash equivalents, beginning of year	1,100,930	1,607,805
Cash and cash equivalents, end of year	\$ 851,322	\$ 1,100,930

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

1. Nature of operations

Chinook Regional Hospital Foundation, continued under the Regional Health Authorities Foundations Regulation (Regional Health Authorities Act), is a charitable organization committed to raising funds for capital assets and operations of the Chinook Regional Hospital site of Alberta Health Services. The Organization is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook – Accounting. The significant policies are detailed as follows:

(a) Fund accounting restricted

The Chinook Regional Hospital Foundation follows the restricted fund method of accounting for contributions.

The Unrestricted Fund reports the revenues and expenses related to the collection of unrestricted donations, administrative and fundraising activities.

The Restricted Fund reports amounts for which the use is restricted by the donors, fundraising restricted for a specific purpose and related investment income on the fund balance.

The Internally Restricted Fund reports amounts for which the use is internally restricted by the Board.

The Endowment Fund reports resources contributed with the stipulation that the capital amount be permanently retained by the Foundation. Investment income earned on the Endowment Fund is reported in the Restricted Fund. A portion of the investment income is recapitalized to the Endowment Fund annually based on the rate of inflation for the year.

All funds held in the Restricted Fund are available to be disbursed for the designated charitable purpose.

(b) Revenue recognition

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable.

Restricted contributions related to general operating are recognized as revenue in the operating fund in the year in which the revenue is received. Restricted contributions for which a separate fund does not exist are recognized as revenue in the operating fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the Restricted Fund in the year received or receivable.

Contributions of endowment are recognized as revenue in the Endowment Fund. Investment income earned on the Endowment Fund is recognized as revenue of the Restricted Fund when realized.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

2. Significant accounting policies, continued

(c) Government assistance

The Foundation periodically applies for financial assistance under available government incentive programs. Government assistance related to current expenses and revenues is included in the determination of the net excess (deficiency) of revenue over expenses for the period.

(d) Income taxes

Under Section 149 (1)(f) of the Income Tax Act, the Foundation is exempt from income taxes on income earned in the normal course of operations.

The Foundation is a registered charity under the Income Tax Act.

(e) Contributed services

Volunteers contributed time to assist the Foundation in carrying out its fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

2. Significant accounting policies, continued

(g) 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3. Cash not available for current operations

	2022	2021
50/50 Lottery	\$ 170,518	\$ 105,054
Consolidated	98,416	3,073
	\$ 268,934	\$ 108,127

The Foundation is holding proceeds from Alberta Gaming and Liquor Commission fundraising events in separate bank accounts from the general account. The funds in these Lottery accounts are restricted for priority health care needs with Alberta Health Services. Alberta Gaming and Liquor Commission rules govern the stated accounts.

4. Investments, measured at fair value

	2022 Market	2022 Cost	2021 Market	2021 Cost
Fixed Income	\$ 2,129,088	\$ 2,320,720	\$ 2,057,081	\$ 2,110,766
Common shares	3,249,939	2,444,345	3,138,410	2,410,528
Mutual Funds	1,246,221	1,254,283	1,270,712	1,254,947
Other	827,797	532,685	869,503	529,944
	\$ 7,453,045	\$ 6,552,033	\$ 7,335,706	\$ 6,306,185

The Foundation has invested funds in accordance with its investment policy. The fixed income investments are all at fixed rates and have interest rates ranging from 1.5% to 4.65% (2021 - 0.5% to 3.69%) and mature between May 2023 to May 2051 (2021 - May 2022 to December 2051). Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed income and equity instruments.

Included in donation revenue is \$30,180 of equity investments donated during the year.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

5. Long-term receivable

The long-term receivable represents the amounts receivable from two Charitable Remainder Trust agreements dated December 22, 2003 and December 16, 2005 respectively, in which the Chinook Regional Hospital Foundation is the beneficiary. The trusts are irrevocable with the principal of the \$250,000 and \$100,000 respectively, guaranteed not to be encroached upon and will be received by the Foundation once the Settlers of the trust are deceased. The agreements are carried at the principal value of \$350,000. At March 31, 2022 the cash surrender value of the underlying insurance policies was \$457,035 (2021 - \$466,210).

6. Due to related party

Alberta Health Services is a related party and has the ability to appoint one voting member to the Foundation board of trustees in accordance with Alberta Regulation 16/95.

During the year the Foundation received an operating grant from Alberta Health Services of \$142,500 (2021 - \$142,500).

As at March 31, 2022, donation disbursements outstanding and payable to Alberta Health Services was \$2,952,133 (2021 - \$2,100,741).

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Alberta Health Services provides certain financial and administrative support to the Foundation at no cost.

7. Internally restricted fund

The internally restricted fund consists of an operating reserve held to cover operating expenses in the event that fundraising revenues are insufficient to cover operating costs.

8. Donation disbursements

Donations to the Chinook Regional Hospital site of Alberta Health Services from the Foundation for program funding and equipment was \$1,726,701 (2021 - \$1,242,402). During the year the Foundation Board motioned approval for funding programs and equipment for Alberta Health Services.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2022

9. Fundraising expenses

As required under the Charitable Fundraising Regulation (Alberta), the following amounts related to the Foundation are disclosed:

	2022	2021
Amounts paid for the remuneration to employees whose principal duties involve fundraising	\$ 55,672	\$ 53,451
Total expenses incurred for the purposes of soliciting contributions	90,520	86,239
	<u>\$ 146,192</u>	<u>\$ 139,690</u>

10. Financial instruments

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments as a result of investments in bonds and debentures. Fixed interest instruments subject the Foundation to fair value risk, however, the risk associated is reduced to a minimum since these assets are invested mainly in government securities and low risk bonds and debentures.

The Foundation believes it is not exposed to significant liquidity risk as the majority of investments held are in instruments that are highly liquid that can be disposed of to settle commitments.

The Foundation is exposed to currency risk as it holds investments denominated in foreign currencies, and is exposed to the financial risk from changes in foreign exchange rates and the degree of volatility of these rates.

11. Government assistance

In the prior year, the Government of Canada created a program called the Canada Emergency Wage Subsidy ("CEWS") to provide wage assistance to entities who experience economic challenges resulting from the COVID-19 pandemic. During the year, the Foundation met the eligibility requirements and received CEWS of \$36,107 (2021 - \$65,055). Also, at March 31, 2021, the Foundation accrued an additional \$27,664 of CEWS revenue as receivable from the Government of Canada pertaining to CEWS claims relating to fiscal 2021. No further amounts are receivable at March 31, 2022. The CEWS amounts are recognized as government assistance in the statement of operations.