

CHINOOK REGIONAL HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

For the year ended March 31, 2023

CHINOOK REGIONAL HOSPITAL FOUNDATION
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March 31, 2023

INDEPENDENT AUDITORS' REPORT

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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 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 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 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

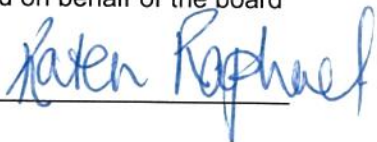
Lethbridge, Canada

June 28, 2023

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 1,052,340	\$ 851,322
Guaranteed investment certificate (2022 - prime less 2.4% maturing September 2022)	-	9,390
Accounts receivable	15,397	14,344
Goods and services tax receivable	12,674	11,765
Prepaid expenses	2,517	76,957
	1,082,928	963,778
Cash not available for current operations (note 3)	430,697	268,934
Investments, measured at fair value (note 4)	6,865,420	7,453,045
Long-term receivable (note 5)	350,000	350,000
	\$ 8,729,045	\$ 9,035,757
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	\$ 24,837	\$ 39,471
Due to related party (note 6)	2,924,605	2,952,133
	2,949,442	2,991,604
Fund balances		
Unrestricted	450,861	945,956
Internally restricted (note 7)	309,693	309,693
Restricted	2,029,718	1,922,365
Endowment	2,989,331	2,866,139
	5,779,603	6,044,153
	\$ 8,729,045	\$ 9,035,757

Approved on behalf of the board

Trustee 

Trustee 

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
For the year ended March 31, 2023

	Unrestricted	Internally restricted	Restricted	Endowment	2023	2022
Revenue						
Lotteries and gaming	\$ 674,660	\$ -	\$ -	\$ -	674,660	606,715
Donations	416,575	-	113,433	-	530,008	461,710
Donations - annual campaigns	244,515	-	147,051	-	391,566	472,596
Fundraising - events	294,894	-	-	-	294,894	13,870
Investment income	123,721	-	66,935	-	190,656	162,700
Operating grant (note 6)	142,500	-	-	-	142,500	142,500
Exchange gain	101,373	-	-	-	101,373	2,093
Government assistance (note 11)	-	-	-	-	-	36,107
(Loss) gain on sale of investments	(120,514)	-	-	-	(120,514)	198,583
	<u>1,877,724</u>	<u>-</u>	<u>327,419</u>	<u>-</u>	<u>2,205,143</u>	<u>2,096,874</u>
Expenses						
Fundraising						
Annual campaigns	38,024	-	-	-	38,024	38,727
Events	188,475	-	-	-	188,475	-
Other	10,819	-	-	-	10,819	51,793
Administrative						
General	195,419	-	-	-	195,419	172,332
Professional fees	121,587	-	-	-	121,587	137,416
Indirect fundraising	293,866	-	-	-	293,866	300,009
Lotteries and gaming	407,456	-	-	-	407,456	344,725
	<u>1,255,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,255,646</u>	<u>1,045,002</u>
Excess of revenue over expenses from operations before change in unrealized gain on investments	622,078	-	327,419	-	949,497	1,051,872
Change in unrealized gain on investments measured at fair value	(232,909)	-	-	-	(232,909)	(128,511)
Excess of revenue over expenses from operations	389,169	-	327,419	-	716,588	923,361
Disbursements						
Chinook Regional Hospital site (note 8)	882,064	-	99,074	-	981,138	1,726,701
Excess (deficiency) of revenue over expenses	\$ (492,895)	\$ -	\$ 228,345	\$ -	\$ (264,550)	\$ (803,340)

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2023

	Unrestricted	Internally restricted	Restricted	Endowment	2022	2023
Balance, beginning of year	\$ 945,956	\$ 309,693	\$ 1,922,365	\$ 2,866,139	\$ 6,044,153	\$ 6,847,493
Excess (deficiency) of revenue over expenses	(492,895)	-	228,345	-	(264,550)	(803,340)
Endowment fund inflation adjustment	(2,200)	-	(120,992)	123,192	-	-
Balance, end of year	\$ 450,861	\$ 309,693	\$ 2,029,718	\$ 2,989,331	\$ 5,779,603	\$ 6,044,153

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

	2023	2022
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (264,550)	\$ (803,340)
Adjustments for items which do not affect cash		
Loss (gain) on sale of investments	120,514	(198,583)
Change in unrealized gain on investments measured at fair value	232,909	128,511
Unrealized foreign exchange gain on investments	(94,750)	(1,648)
Total adjustments	258,673	(71,720)
	(5,877)	(875,060)
Change in non-cash working capital items		
Accounts receivable	(1,053)	22,314
Goods and services tax receivable	(909)	(3,444)
Prepaid expenses	74,440	(63,932)
Accounts payable and accrued liabilities	(14,634)	27,592
Unearned revenue	-	(2,020)
Due to related party	(27,528)	851,392
	24,439	(43,158)
Cash flows from investing activities		
Cash not available for current operations	(161,763)	(160,807)
Purchase of investments	(3,892,928)	(2,647,909)
Proceeds on sale of investments	4,231,270	2,602,266
	176,579	(206,450)
Net increase (decrease) in cash and cash equivalents	201,018	(249,608)
Cash and cash equivalents, beginning of year	851,322	1,100,930
Cash and cash equivalents, end of year	\$ 1,052,340	\$ 851,322

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

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, 2023

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, 2023

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

	2023	2022
50/50 Lottery	\$ 253,753	\$ 170,518
Consolidated	1,508	98,416
Truck raffle	175,436	-
	\$ 430,697	\$ 268,934

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.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

4. Investments, measured at fair value

	2023 Market	2023 Cost	2022 Market	2022 Cost
Fixed Income	\$ 2,029,826	\$ 2,154,363	\$ 2,129,088	\$ 2,320,720
Common shares	2,850,355	2,360,052	3,249,939	2,444,345
Mutual Funds	1,162,377	1,142,930	1,246,221	1,254,283
Other	822,862	539,973	827,797	532,685
	\$ 6,865,420	\$ 6,197,318	\$ 7,453,045	\$ 6,552,033

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 2.0% to 5.22% (2022 - 1.5% to 4.65%) and mature between September 2023 to May 2077 (2022 - May 2023 to May 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 \$19,908 (2022 - \$30,180) of equity investments donated during the year.

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, 2023 the cash surrender value of the underlying insurance policies was \$438,623 (2022 - \$457,035).

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 (2022 - \$142,500).

As at March 31, 2022, donation disbursements outstanding and payable to Alberta Health Services was \$2,924,605 (2022 - \$2,952,133).

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.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

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 \$981,138 (2022 - \$1,726,701). During the year the Foundation Board motioned approval for funding programs and equipment for Alberta Health Services.

9. Fundraising expenses

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

	2023	2022
Amounts paid for the remuneration to employees whose principal duties involve fundraising	\$ 71,102	\$ 55,672
Total expenses incurred for the purposes of soliciting contributions	237,318	90,520
	<u>\$ 308,420</u>	<u>\$ 146,192</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.

CHINOOK REGIONAL HOSPITAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

11. Government assistance

During the 2022 year, the Foundation met the eligibility requirements for the Government of Canada program created to provide wage assistance to entities who experience economic challenges resulting from the COVID-19 pandemic, called the Canada Emergency Wage Subsidy ("CEWS"), and received \$36,107 in that year. No further amounts were received in 2023.

12. Comparative information

Certain comparative information has been reclassified to conform to the presentation adopted in the current year.