CHINOOK REGIONAL HOSPITAL FOUNDATION

FINANCIAL STATEMENTS

For the year ended March 31, 2026

CHINOOK REGIONAL HOSPITAL FOUNDATION
TABLE OF CONTENTS
March 31, 2026

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INDEPENDENT AUDITOR'S 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, 2026
- 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, 2026, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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 represent 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 25, 2026

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2026

	2026	2025
ASSETS		
Current		
Cash	$ 1,885,138	$ 1,083,747
Guaranteed investment certificate (prime less 2.7% maturing April 2027)	9,994	9,796
Accounts receivable	49,610	40,420
Goods and services tax receivable	27,142	36,756
Prepaid expenses	44,247	40,524
	2,016,131	1,211,243
Cash not available for current operations (note 3)	467,378	347,765
Investments, measured at fair value (note 4)	24,656,650	14,424,725
	$ 27,140,159	$ 15,983,733
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	$ 172,764	$ 187,007
Deferred revenue (note 5)	50,000	-
Due to related party (note 6)	893,500	3,277,573
	1,116,264	3,464,580
Fund balances		
Unrestricted	6,452,552	2,400,497
Internally restricted (note 7)	600,000	309,693
Restricted	15,749,102	6,661,792
Endowment	3,222,241	3,147,171
	26,023,895	12,519,153
	$ 27,140,159	$ 15,983,733

Commitments (note 12)

Approved on behalf of the board

Trustee ______________ Trustee ______________

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF OPERATIONS
For the year ended March 31, 2026

	Unrestricted	Internally restricted	Restricted	Endowment	2026	2025
Revenue						
Donations	$ 1,268,930	$ -	$ 13,612,721	$ -	$ 14,881,651	$ 5,784,313
Donations - annual campaigns	255,083	-	957,427	-	1,212,510	482,334
Lotteries and gaming	828,440	-	-	-	828,440	790,489
Gain on sale of investments	503,657	-	-	-	503,657	115,981
Investment income	413,253	-	59,985	-	473,238	446,175
Fundraising - events	301,941	-	-	-	301,941	352,281
Operating grant (note 6)	142,500	-	-	-	142,500	142,500
Exchange gain	71,163	-	-	-	71,163	73,434
	3,784,967	-	14,630,133	-	18,415,100	8,187,507
Expenses						
Fundraising						
Annual campaigns	43,500	-	-	-	43,500	50,577
Events	150,418	-	5,539	-	155,957	320,514
Other	-	-	1,699,203	-	1,699,203	592,794
Administrative						
General	398,507	-	-	-	398,507	294,429
Professional fees	206,108	-	-	-	206,108	211,601
Indirect fundraising	679,004	-	-	-	679,004	653,942
Lotteries and gaming (note 8)	456,362	-	-	-	456,362	412,687
	1,933,899	-	1,704,742	-	3,638,641	2,536,544
Excess of revenue over expenses from operations before change in unrealized gain on investments	1,851,068	-	12,925,391	-	14,776,459	5,650,963
Change in unrealized gain on investments measured at fair value	321,576	-	-	-	321,576	217,161
Excess of revenue over expenses from operations	2,172,644	-	12,925,391	-	15,098,035	5,868,124
Disbursements						
Chinook Regional Hospital site (note 9)	-	-	1,593,293	-	1,593,293	2,334,894
Excess of revenue over expenses	$ 2,172,644	$ -	$ 11,332,098	$ -	$ 13,504,742	$ 3,533,230

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF CHANGES IN FUND BALANCES
For the year ended March 31, 2026

	Unrestricted	Internally restricted	Restricted	Endowment	2026	2025
Balance, beginning of year	$ 2,400,497	$ 309,693	$ 6,661,792	$ 3,147,171	$ 12,519,153	$ 8,985,923
Excess of revenue over expenses	2,172,644	-	11,332,098	-	13,504,742	3,533,230
Endowment fund inflation adjustment	-	-	(75,070)	75,070	-	-
Administrative levy on restricted gifts	791,771	-	(791,771)	-	-	-
Transfer to internally restricted	(290,307)	290,307	-	-	-	-
Restricted funds applied to disbursements	1,377,947	-	(1,377,947)	-	-	-
Balance, end of year	$ 6,452,552	$ 600,000	$ 15,749,102	$ 3,222,241	$ 26,023,895	$ 12,519,153

CHINOOK REGIONAL HOSPITAL FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2026

	2026	2025
Cash flows from operating activities		
Excess of revenue over expenses	$ 13,504,742	$ 3,533,230
Adjustments for items which do not affect cash		
Gain on sale of investments	(503,657)	(115,981)
Change in unrealized gain on investments measured at fair value	(321,576)	(217,161)
Unrealized foreign exchange loss (gain) on investments	70,334	(125,637)
Donation of investments	(3,869,602)	(175,503)
Total adjustments	(4,624,501)	(634,282)
	8,880,241	2,898,948
Change in non-cash working capital items		
Accounts receivable	(9,190)	484,396
Goods and services tax receivable	9,614	(20,233)
Prepaid expenses	(3,723)	(37,881)
Accounts payable and accrued liabilities	(14,245)	79,232
Deferred revenue	50,000	-
Due to related party	(2,384,073)	1,391,763
	6,528,624	4,796,225
Cash flows from investing activities		
Cash not available for current operations	(119,613)	50,475
Purchase of investments	(30,344,990)	(13,785,932)
Proceeds on sale of investments	24,737,370	7,585,966
	(5,727,233)	(6,149,491)
Net (decrease) increase in cash and cash equivalents	801,391	(1,353,266)
Cash and cash equivalents, beginning of year	1,083,747	2,437,013
Cash and cash equivalents, end of year	$ 1,885,138	$ 1,083,747

1. Nature of operations

Chinook Regional Hospital Foundation (the "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 Health Corporations in Southern Alberta. The Foundation 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.

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.

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

	2026	2025
50/50 Lottery	$ 255,534	$ 221,781
Consolidated	124,992	125,733
Truck raffle	86,804	206
Casino	48	45
	$ 467,378	$ 347,765

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 Health Shared Services (previously Alberta Health Services). Alberta Gaming and Liquor Commission rules govern the stated accounts.

4. Investments, measured at fair value

	2026 Market	2026 Cost	2025 Market	2025 Cost
Fixed Income	$ 3,727,342	$ 3,710,860	$ 2,972,807	$ 2,906,528
Common shares	5,620,402	4,336,738	3,886,752	2,867,866
Mutual Funds	14,001,910	13,711,747	6,395,430	6,277,531
Other	1,306,996	1,094,274	1,169,736	891,344
	$ 24,656,650	$ 22,853,619	$ 14,424,725	$ 12,943,269

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 1.75% to 5.60% (2025 - 1.35% to 5.292%) and mature between August 2026 to December 2055 (2025 - September 2025 to December 2053). 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 $3,869,602 (2025 - $175,503) of equity investments donated during the year.

5. Deferred revenue

During the year, the Foundation received $50,000 from the Health Shared Services Foundation, through their High Potential Grant Funding, for the rebrand across all platforms, marketing channels and donor engagement tools. As of March 31, 2026 these funds had not been spent on the approved purpose.

6. Due to related party

Health Shared Services (previously 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 295/2025.

During the year, the Foundation received an operating grant from Foundation Relations - Health Shared Services of $142,500 (2025 - $142,500).

As at March 31, 2026, donation disbursements outstanding and payable to Health Shared Services was $893,500 (2025 - $3,277,573).

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.

Health Shared 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. Lotteries and gaming

Lotteries and gaming expense distributions are greater than 10% of gross contributions received and relates to:

	2026	2025
50/50 Draw Prizes	$ 300,561	$ 280,688
Software and merchant fees	81,465	52,178
Truck raffle	71,060	73,204
Other raffle costs	2,608	1,995
Payment equipment rental	668	4,622
	$ 456,362	$ 412,687

9. Donation disbursements

Donations to Health Corporations (previously Alberta Health Services) from the Foundation for program funding and equipment was $1,593,293 (2025 - $2,334,894). During the year the Foundation Board motioned approval for funding programs and equipment for Health Shared Services.

10. Fundraising expenses

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

	2026	2025
Amounts paid for the remuneration to employees whose principal duties involve fundraising	$ 300,270	$ 115,276
Total expenses incurred for the purposes of soliciting contributions	1,898,660	963,885
	$ 2,198,930	$ 1,079,161

11. 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.

12. Commitments

The Foundation entered into an agreement, effective March 1, 2024, with a consultant to determine the feasibility of raising funds towards the South Zone Cardiac Services Centre of Excellence (“Phase 1”) and develop a fundraising campaign (“Phase 2”). The Foundation is currently in Phase 2. Phase 2 fees will total $1,032,000, payable $36,000 monthly for the first 6 months commencing in August 2024 and $34,000 monthly thereafter, plus a maximum of $10,300 monthly for travel expenses over the term of Phase 2. Total costs incurred for the March 31, 2026 fiscal year was $456,750. The term of the agreement ends January 31, 2027.

The Foundation has entered into a multi-year funding commitment with the Alberta Cancer Foundation for the following amounts:

2027	$ 160,000
2028	160,000
2029	160,000
2030	160,000
2031	160,000
	$ 800,000

The Foundation has also entered into a multi-year funding commitment related to the Cancer Centre Magseed and Magtrace equipment for the following amounts:

2027	$ 156,200

13. Comparative information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.