

**Red Deer Regional Health Foundation**  
**Financial Statements**  
*March 31, 2021*

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, 2021, and the statements of operations, changes in fund balances, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from public support, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, excess of revenue over expenses, cash flows from operations for the year ended March 31, 2021, current assets at March 31, 2021, and net assets as at April 1, 2020 and March 31, 2021. The predecessor's auditor's opinion on the financial statements for the year ended March 31, 2020 was modified for the same limitation.

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

## Other Matter

The financial statements of the Foundation for the year ended March 31, 2020, excluding the adjustments that were applied to restate certain comparative information as described in Note 17, were audited by another public accounting firm who expressed a qualified opinion on those statements on July 23, 2020 for the reasons described in the Basis for Qualified Opinion paragraph.

As part of our audit of the financial statements for the year ended March 31, 2021, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Red Deer, Alberta

July 26, 2021

Chartered Professional Accountants

# Red Deer Regional Health Foundation

## Statement of Financial Position

*As at March 31, 2021*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	<b>2021</b>	<i>2020</i>
					<i>(Restated - Note 17)</i>
<b>Assets</b>					
<b>Current</b>					
Cash (Note 3)	726,640	5,124,378	-	5,851,018	3,867,498
Accounts receivable (Note 4)	42,043	202,945	-	244,987	456,792
Marketable securities (Note 5)	-	8,344,012	3,680,930	12,024,943	10,321,265
Prepaid expenses and deposits	-	934,477	-	934,477	695,793
Inventory (Note 6)	-	9,224	-	9,224	9,224
Due from (to) other funds	1,408,352	(870,038)	(538,314)	-	-
	<b>2,177,035</b>	<b>13,744,998</b>	<b>3,142,616</b>	<b>19,064,649</b>	<b>15,350,572</b>
<b>Cash surrender value of life insurance (Note 7)</b>	<b>157,098</b>	<b>-</b>	<b>-</b>	<b>157,098</b>	<b>154,545</b>
	<b>2,334,133</b>	<b>13,744,998</b>	<b>3,142,616</b>	<b>19,221,747</b>	<b>15,505,117</b>
<b>Liabilities</b>					
<b>Current</b>					
Accounts payable and accruals (Note 8)	-	83,766	-	83,766	203,998
Deferred Hospital Lottery ticket sales	-	1,836,105	-	1,836,105	1,320,015
Wages payable	23,635	-	-	23,635	17,879
	<b>23,635</b>	<b>1,919,871</b>	<b>-</b>	<b>1,943,506</b>	<b>1,541,892</b>
<b>Fund Balances</b>					
General fund	2,310,498	-	-	2,310,498	729,451
Restricted fund (Note 9)	-	11,825,127	-	11,825,127	10,091,158
Endowment fund (Note 10)	-	-	3,142,616	3,142,616	3,142,616
	<b>2,310,498</b>	<b>11,825,127</b>	<b>3,142,616</b>	<b>17,278,241</b>	<b>13,963,225</b>
	<b>2,334,133</b>	<b>13,744,998</b>	<b>3,142,616</b>	<b>19,221,747</b>	<b>15,505,117</b>

Approved on behalf of the Board

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Director

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Director

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

## Red Deer Regional Health Foundation Statement of Operations

*For the year ended March 31, 2021*

	General Fund	Restricted Fund	Endowment Fund	2021	2020
					<i>(Restated - Note 17)</i>
<b>Revenue</b>					
Administrative funding <i>(Note 11)</i>	155,000	-	-	155,000	155,000
Donations	684,716	274,579	-	959,295	616,595
Fundraising (Schedule 1)	179,308	4,909,253	-	5,088,561	5,243,747
Government assistance <i>(Note 13)</i>	198,226	-	-	198,226	-
Grant revenue <i>(Note 11)</i>	-	50,000	-	50,000	32,521
Investments <i>(Note 14)</i>	994,613	799,228	-	1,793,841	(144,187)
Restricted donations	59,208	146,298	-	205,506	224,161
<b>Total revenue</b>	<b>2,271,071</b>	<b>6,179,358</b>	<b>-</b>	<b>8,450,429</b>	<b>6,127,837</b>
<b>Expenses</b>					
Contributions to Alberta Health Services <i>(Note 11)</i>	23,350	1,244,656	-	1,268,006	3,152,575
Contributions to other organizations <i>(Note 11)</i>	-	3,013	-	3,013	179,783
Fundraising (Schedule 1)	25,290	3,059,427	-	3,084,717	3,929,410
Operating expenses <i>(Note 15)</i>	640,384	26,198	-	666,582	808,621
Program purchases	-	30,095	-	30,095	53,618
Scholarships	1,000	82,000	-	83,000	97,000
<b>Total expenses</b>	<b>690,024</b>	<b>4,445,389</b>	<b>-</b>	<b>5,135,413</b>	<b>8,221,007</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,581,047</b>	<b>1,733,969</b>	<b>-</b>	<b>3,315,016</b>	<b>(2,093,170)</b>

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

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

*For the year ended March 31, 2021*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	<b>2021</b>	<i>2020</i> <i>(Restated - Note 17)</i>
<b>Fund balances, beginning of year</b>	<b>729,451</b>	<b>10,091,158</b>	<b>3,142,616</b>	<b>13,963,225</b>	15,099,929
<b>Correction of an error (Note 17)</b>	-	-	-	-	956,466
<b>Fund balance, beginning of year, as restated</b>	<b>729,451</b>	<b>10,091,158</b>	<b>3,142,616</b>	<b>13,963,225</b>	16,056,395
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,581,047</b>	<b>1,733,969</b>	-	<b>3,315,016</b>	(2,093,170)
<b>Fund balances, end of year</b>	<b>2,310,498</b>	<b>11,825,127</b>	<b>3,142,616</b>	<b>17,278,241</b>	13,963,225

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

**Red Deer Regional Health Foundation**  
**Statement of Cash Flows**  
*For the year ended March 31, 2021*

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	<b>2021</b>	<b>2020</b>
					<i>(Restated - Note 17)</i>
<b>Cash provided by (used for) the following activities</b>					
<b>Operating</b>					
Excess (deficiency) of revenue over expenses	1,581,047	1,733,969	-	3,315,016	(2,093,170)
Unrealized losses (gains) on investments	-	(1,537,427)	-	(1,537,427)	484,987
Decrease (increase) in cash surrender value of life insurance	(2,553)	-	-	(2,553)	25,518
	<b>1,578,494</b>	<b>196,542</b>	<b>-</b>	<b>1,775,036</b>	<b>(1,582,665)</b>
Changes in working capital accounts					
Accounts receivable	13,168	198,637	-	211,804	(221,838)
Prepaid expenses and deposits	-	(238,684)	-	(238,684)	261,552
Accounts payable and accruals	-	(120,232)	-	(114,476)	124,337
Deferred revenue	-	516,090	-	516,091	61,300
Wages payable	5,756	-	-	-	-
	<b>1,597,418</b>	<b>552,353</b>	<b>-</b>	<b>2,149,771</b>	<b>(1,357,314)</b>
<b>Investing</b>					
Net increase in marketable securities	-	(166,107)	-	(166,107)	1,035,749
<b>Increase (decrease) in cash resources</b>	<b>1,597,418</b>	<b>386,246</b>	<b>-</b>	<b>1,983,664</b>	<b>(321,565)</b>
<b>Cash resources, beginning of year</b>	<b>455,540</b>	<b>4,004,533</b>	<b>-</b>	<b>4,460,073</b>	<b>4,781,638</b>
<b>Interfund adjustments</b>	<b>(1,326,318)</b>	<b>1,326,318</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash resources, end of year</b>	<b>726,640</b>	<b>5,717,097</b>	<b>-</b>	<b>6,443,737</b>	<b>4,460,073</b>
<b>Cash resources are composed of:</b>					
Cash	726,640	5,124,378	-	5,851,018	3,867,498
Marketable securities	-	592,719	-	592,719	592,575
	<b>726,640</b>	<b>5,717,097</b>	<b>-</b>	<b>6,443,737</b>	<b>4,460,073</b>

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

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2021

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### 1. Incorporation and nature of the organization

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

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

### 2. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

#### ***Marketable securities***

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

#### ***Pledges receivable***

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



# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2021

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

#### **Inventory**

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

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

Amounts due between certain fund 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**

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

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

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

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

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

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

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

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

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

#### **Financial instruments**

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

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

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

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

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2021

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

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

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

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

### 3. Cash

Included in cash is \$5,124,378 (2020 - \$3,411,957) of restricted funds. The proceeds are to be used for specific purposes as disclosed in Note 9.

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.

### 4. Accounts receivable

Included in accounts receivable is Hospital Lottery Ticket sales of \$130,628 (2020 - \$182,520), pledges receivable of \$18,686 (2020 - \$223,962), GST of \$37,144 (2020 - \$50,310), bequeaths of \$53,631 (2020 - \$0), and \$4,898 (2020 - \$0) relating to the Canada Emergency Wages Subsidy receivable for the period ending February 13, 2021.

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

For the year ended March 31, 2021

### 5. Marketable securities

	2021	2020
Marketable securities - fair value	<b>12,024,943</b>	10,321,265

Included in marketable securities is \$592,719 (2020 - \$592,575) of cash and cash equivalents.

Included in marketable securities is \$2,491,510 (2020 - \$2,460,161) of fixed income investments. These investments comprise of a 1 year 1.11% GIC that will mature in June 2021 with a book value of \$433,155 and a 1 year 0.90% GIC that will mature in July 2021 with a book value of \$2,042,000.

Included in marketable securities is \$3,680,929 (2020 - \$2,915,417) in the ATB Compass Balanced Portfolio. Within the professionally managed ATB Compass Balanced Portfolio funds, under normal conditions, the portfolio holds an asset-mix consisting of 0-5% cash and equivalents, 40-55% fixed income, 10-20% Canadian equity, 2-12% US equity, 8-18% international and global equity, and 5-15% alternative investments.

Included in marketable securities is \$5,259,785 (2020 - \$4,353,112) in the ATB Compass Conservative Balanced Portfolio. Within the professionally managed ATB Compass Conservative Balanced Portfolio funds, under normal conditions, the portfolio holds an asset-mix consisting of 0-12% cash and equivalents, 58-68% fixed income, 3-13% Canadian equity, 3-13% US equity, 5-15% international and global equity, and 2-12% Real Estate Investment Trusts. The investments held in the portfolio are diversified by asset class and investment style to minimize volatility and maximize risk-adjusted long-term returns.

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

Marketable securities of \$8,882,328 (2020 - \$7,178,650) are restricted investments related to the fund project balances in Note 9 and \$3,142,615 (2020 - \$3,142,615) are restricted to endowments in Note 10.

### 6. Inventory

Inventory of \$9,224 (2020 - \$9,224) consists mainly of supplies and prizes purchased for the Festival of Trees.

### 7. Cash surrender value of life insurance

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

### 8. Accounts payable and accruals

The Foundation has a credit card with ATB with a credit limit of \$20,000 (2020 - \$20,000) of which \$5,579 has been drawn and included in accounts payable and accruals as at March 31, 2021 (2020 - \$1,549). Interest on the credit card is a fixed rate of 19.90%.

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

*For the year ended March 31, 2021*

### 9. Restricted fund project balances

	2021	2020
Addictions and mental health	747,238	865,940
Cardiac	161,235	144,244
Community, rehab, chronic disease management	109,650	109,650
Emergency & inpatient medicine	133,528	148,848
Festival of Trees	1,433,986	1,458,590
Hemo dialysis	124,672	121,422
Hospital's Lottery	701,350	978,756
Operational reserve	1,500,000	1,500,000
Other projects	3,041	5,262
Red Deer restricted	1,730,441	867,078
Rural facilities	868,225	711,649
Scholarships	(44,446)	(19,035)
Staff 50/50	1,227,423	958,141
Surgical	89,056	840,982
Volunteer resources and spiritual care	7,802	8,226
Women and children's health	2,189,182	1,020,368
<b>Subtotal</b>	<b>10,982,383</b>	<b>9,720,121</b>
<b>Net restricted unrealized gains on endowments</b>	<b>842,744</b>	<b>371,037</b>
	<b>11,825,127</b>	<b>10,091,158</b>

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

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

### 10. Endowment fund

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

	2021	2020
<b>Externally endowed</b>		
Income restricted for specific purposes	1,601,496	1,601,496
Income not restricted for specific purposes	1,145,642	1,145,642
	<b>2,747,138</b>	<b>2,747,138</b>
<b>Board endowed</b>		
Income restricted for specific purposes	390,680	390,680
Income not restricted for specific purposes	4,797	4,797
	<b>395,477</b>	<b>395,477</b>
<b>Total endowments</b>	<b>3,142,615</b>	<b>3,142,615</b>

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

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

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

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

(a) Alberta Health Services - The Foundation contributed \$1,274,751 (2020 - \$3,206,193) to AHS for the purchase of equipment and funding of programs. The Foundation received \$155,000 (2020 - \$155,000) and \$15,000 (2020 - \$12,521) 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 \$3,013 (2020 - \$179,783) to Foundations and Health Trusts of small communities throughout Central Alberta. These funds represent unspent donations received that are designated to be spent in a number of nearby communities.

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

### 12. Net revenue by event

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 a calendar event basis, for only the 2020 events are: \$393,536 from the Festival of Trees and \$631,427 from the Hospitals' Lottery.

### 13. Government assistance

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

### 14. Investments

Investment income earned is reported as follows:

	2021	2020
Income earned on unrestricted resources	7,109	12,557
Income earned on restricted resources	246,752	353,761
Unrealized gains (losses) on investments	1,537,427	(484,987)
Increase (decrease) in cash surrender value of life insurance	2,553	(25,518)
Total investment income recognized as revenue	1,793,841	(144,187)

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

### 15. Operating expenses

	2021	2020
Advertising and promotion	60,647	55,371
Audit fees	34,768	37,269
Bank and credit card fees	6,995	4,196
Board expenses	351	2,304
Courses	3,686	408
Donor recognition	82	1,886
Office	6,232	6,112
Software and support	11,230	13,526
Volunteer and staff recognition	240	5,664
Wages and benefits	542,351	681,885
	666,582	808,621

### 16. Financial instrument risks

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

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

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

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

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

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

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

#### ***Emerging risk***

The recent outbreak of the coronavirus (COVID-19) may affect the Foundation's operations. A novel strain of the coronavirus emerged in December 2019, and the virus has spread to Canada. The extent to which the coronavirus impacts the Foundation's operations will depend on future developments, which are highly uncertain and cannot be predicted at this time. In particular, the continued spread of the coronavirus could materially and adversely impact operations, including without limitation, employee health and productivity, ability to collect campaign revenue, and ability to fundraise. These factors may have a material and adverse effect on the Foundation, its financial condition and results of operations.

# Red Deer Regional Health Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

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### **17. Prior period adjustment**

During the year the Foundation determined that the prepaid lottery expenses of prior years were understated. For 2020 the impact of this correction has resulted in an increase in ending restricted fund balance and prepaid expenses of \$695,793, an increase in fundraising expenses of \$260,673 and an increase in the 2020 opening restricted fund balance of \$957,345.

### **18. Comparative figures**

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

**Red Deer Regional Health Foundation**  
**Schedule 1 - Fundraising Special Projects Net Revenue**  
*For the year ended March 31, 2021*

	Festival of Trees <i>(Restricted)</i>	Staff Lotto <i>(Restricted)</i>	Hospitals' Lottery <i>(Restricted)</i>	Bike Ride <i>(Restricted)</i>	Other <i>(Restricted)</i>	<b>2021 Total</b>	2020 Total <i>(Restated - Note 17)</i>
<b>REVENUE</b>							
Donations	\$ 380,180	\$ -	\$ 2,100	\$ -	\$ 13,000	<b>\$ 395,280</b>	607,278
Entry fees and sales	3,875	-	-	-	4,575	<b>8,450</b>	674,430
Goods in kind	351,663	-	705,772	195	69,776	<b>1,057,631</b>	906,494
Lotteries, auctions and raffles	135,471	590,680	2,634,685	23,789	144,935	<b>3,529,561</b>	2,866,438
Sponsorship	-	-	-	-	-	-	109,000
Interest and other	73	9,196	10,632	-	7,962	<b>27,864</b>	80,107
	<b>\$ 871,263</b>	<b>\$ 599,876</b>	<b>\$ 3,353,190</b>	<b>\$ 23,984</b>	<b>\$ 240,248</b>	<b>\$ 5,088,561</b>	5,243,747
<b>EXPENSES</b>							
Event supplies, product and rental	101,352	1,759	597,425	358	42,375	<b>743,268</b>	1,386,244
Goods in kind	351,663	-	1,117,270	195	69,776	<b>1,538,904</b>	1,192,716
Lottery and auction prizes	24,712	281,948	493,997	-	1,887	<b>802,544</b>	1,350,450
	<b>\$ 477,727</b>	<b>\$ 283,706</b>	<b>\$ 2,208,692</b>	<b>\$ 553</b>	<b>\$ 114,038</b>	<b>\$ 3,084,717</b>	3,929,410
<b>NET FUNDRAISING REVENUE, FISCAL 2021</b>	<b>\$ 393,536</b>	<b>\$ 316,170</b>	<b>\$ 1,144,498</b>	<b>\$ 23,431</b>	<b>\$ 126,210</b>	<b>\$ 2,003,845</b>	<b>\$ 1,314,337</b>
<b>NET FUNDRAISING REVENUE, FISCAL 2020</b>	<b>\$ 765,016</b>	<b>\$ 277,367</b>	<b>\$ 291,152</b>	<b>\$ 11,235</b>	<b>-\$ 30,433</b>	<b>\$ 1,314,337</b>	
<b>NET REVENUE BY EVENT (note 12)</b>	<b>\$ 393,536</b>		<b>\$ 631,427</b>				