

Financial Statements of

**NORTHERN LIGHTS
REGIONAL HEALTH
FOUNDATION**

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Northern Lights Regional Health Foundation

Opinion

We have audited the financial statements of the Northern Lights Regional Health Foundation (the Entity), 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 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 Entity as at March 31, 2022, and its results of operations, 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors’ report thereon, included in the Annual Report.



Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and auditors' report thereon, included in the Annual Report is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

June 27, 2022

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Financial Statements

Year ended March 31, 2022

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 Financial Statements	5 - 13

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 1,493,677	\$ 2,252,882
Accounts receivable	259,339	122,183
Prepaid and other expenses	5,112	24,847
	<u>1,758,128</u>	<u>2,399,912</u>
Investments (note 2)	12,794,565	12,774,789
Capital assets (note 3)	52,367	59,294
	<u>\$ 14,605,060</u>	<u>\$ 15,233,995</u>

Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities	\$ 171,080	\$ 137,799
Deferred revenue (note 4)	273,500	288,340
	<u>444,580</u>	<u>426,139</u>
Fund balances:		
Invested in capital assets	52,367	59,294
Externally restricted (note 5)	6,004,989	7,623,132
Internally restricted (note 6)	1,641,568	61,300
Unrestricted	6,461,556	7,064,130
	<u>14,160,480</u>	<u>14,807,856</u>
	<u>\$ 14,605,060</u>	<u>\$ 15,233,995</u>

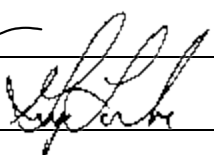
Commitments (note 12)

Pledges (note 13)

See accompanying notes to financial statements.

On behalf of the Board:





Director

Director

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets	Externally restricted	Internally restricted	Unrestricted	Total 2022	Total 2021
Revenue:						
Fundraising activities (note 7)	\$ -	\$ 1,000,299	\$ -	\$ 2,292,495	\$ 3,292,794	\$ 3,069,002
Investment income (note 9)	-	-	-	81,053	81,053	1,438,332
Gifts-in-kind (note 8)	-	-	-	113,237	113,237	102,674
Other revenue	-	-	-	25,833	25,833	71,261
	-	1,000,299	-	2,512,618	3,512,917	4,681,269
Expenditures:						
Fundraising activities	-	-	-	259,403	259,403	269,912
Salaries and benefits and contract labour	-	-	-	483,209	483,209	493,895
Office and other	-	-	-	129,735	129,735	92,566
Amortization of capital assets	6,927	-	-	-	6,927	6,931
	6,927	-	-	872,347	879,274	863,304
Excess (deficiency) of revenue over expenditures before the undernoted	(6,927)	1,000,299	-	1,640,271	2,633,643	3,817,965
Donations to Alberta Health Services (note 10)	-	2,618,442	662,577	-	3,281,019	1,571,730
(Deficiency) excess of revenues over expenditures	\$ (6,927)	\$ (1,618,143)	\$ (662,577)	\$ 1,640,271	\$ (647,376)	\$ 2,246,235

See accompanying notes to financial statements.

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	Invested in capital assets	Externally restricted	Internally restricted	Unrestricted	2022 Total	2021 Total
Fund balances, beginning of year	\$ 59,294	\$ 7,623,132	\$ 61,300	\$ 7,064,130	\$ 14,807,856	\$ 12,561,621
(Deficiency) excess of revenue over expenditures	(6,927)	(1,618,143)	(662,577)	1,640,271	(647,376)	2,246,235
Purchase of capital assets	-	-	-	-	-	-
Transfers	-	-	2,242,845	(2,242,845)	-	-
Fund balances, end of year	\$ 52,367	\$ 6,004,989	\$ 1,641,568	\$ 6,461,556	\$ 14,160,480	\$ 14,807,856

See accompanying notes to financial statements.

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenues over expenses	\$ (647,376)	\$ 2,246,235
Items not involving cash:		
Amortization of capital assets	6,927	6,931
Unrealized investment (gain) loss	1,062,529	(707,803)
Change in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(137,156)	59,953
Decrease (increase) in prepaid and other expenses	19,735	(14,987)
Increase in accounts payable and accrued liabilities	33,281	39,894
(Decrease) increase in deferred revenue	(14,840)	240,340
	323,100	1,870,563
Investments:		
Purchase of investments, net	(1,082,305)	(1,667,711)
	(1,082,305)	(1,667,711)
(Decrease) increase in cash	(759,205)	202,852
Cash, beginning of year	2,252,882	2,050,030
Cash, end of year	\$ 1,493,677	\$ 2,252,882

See accompanying notes to financial statements.

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements

Year ended March 31, 2022

Northern Lights Regional Health Foundation (the "Foundation") exists under the Provincial Health Legislation of Alberta as a non-profit charitable organization without share capital. Under the provisions of the Income Tax Act, the Foundation is exempt from income tax. The Foundation raises revenue to donate to Alberta Health Services to support operating and capital programs, primarily in the Regional Municipality of Wood Buffalo.

1. Significant accounting policies:

(a) Basis of presentation:

The Foundation follows Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook. The Foundation accounts for its interest in joint ventures under the equity method.

(b) Fund accounting:

These financial statements are prepared on the restricted fund basis and include the following funds:

Invested in capital assets - consists of funds related to capital purchases recorded at cost, less accumulated amortization.

Externally restricted fund - consists of funds upon which restrictions have been imposed by the donor.

Internally restricted fund - consists of funds upon which restrictions have been imposed by the Board of Directors (the "Board"). These funds represent donations and income that were initially unrestricted but upon which the Board has placed restrictions for specific priority programs.

Unrestricted fund - consists of donations and investment income upon which no restrictions have been imposed by the donors or the Board. These funds are managed in accordance with general Board policies and may be internally restricted through Board motion.

(c) 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 recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its fixed-income instruments and other at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expenses as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

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 rights 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.

(d) Revenue recognition:

Restricted contributions are recognized as revenue of the externally restricted fund in the year received or receivable, whichever is earlier, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue when received or receivable, whichever is earlier, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fundraising events is recognized on the date of the event.

Investment income is recognized as revenue of the unrestricted fund when earned.

The Foundation applies for financial assistance under available government programs. Government assistance is recognized as other revenue the year in which the related expenses are incurred.

(e) Contributed materials and services:

Contributed materials and services are recorded at fair value as gifts-in-kind when a fair value can be reasonably estimated. Contributed services of volunteers are not recognized in these financial statements as the fair value cannot be reasonably determined.

(f) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life
Donor wall	15 years
Equipment	5 years
Furniture and fixtures	10 years

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of the financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets and provisions for impairment of accounts receivable. Actual results could differ from those estimates.

2. Investments:

	2022	2021
Fixed Income:		
Mutual funds	\$ 10,613,506	\$ 9,849,878
Money market funds	677,850	770
Guaranteed Investment Certificates	1,502,560	1,493,504
	12,793,916	11,344,152
Equities:		
Exchange traded funds	-	1,416,434
	-	1,416,434
Cash and cash equivalents	649	14,203
	\$ 12,794,565	\$ 12,774,789

Guaranteed Investment Certificates bear interest at a rate of 0.89% (2021 - 0.56%) maturing on January 1, 2023 (2021 - March 9, 2022).

Cash and equivalents are represented by cash on deposit with the investment broker for future investment purchases.

3. Capital assets:

			2022			2021
	Cost	Accumulated amortization	Net book value	Net book value	Net book value	Net book value
Donor wall	\$ 98,013	\$ 46,047	\$ 51,966	\$	\$ 58,585	\$
Furniture and fixtures	27,878	27,477	401	\$	709	\$
Equipment	39,027	39,027	-	\$	-	\$
	\$ 164,918	\$ 112,551	\$ 52,367	\$	\$ 59,294	\$

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Deferred revenue:

	2022	2021
Spring Fling	\$ 158,500	\$ 173,340
Festival of Trees	110,000	110,000
Hospital bed races	5,000	5,000
	\$ 273,500	\$ 288,340

5. Externally restricted fund balances:

	2022	2021
Minimally Invasive Surgical Suites	\$ 3,353,605	\$ 4,759,944
Public Health	403,790	394,790
Pediatrics	347,022	95,172
Multi-purpose Clinics	300,000	300,000
Continuing Care	252,766	434,623
Return in Service	234,654	234,654
Women's Wellness - Maternal Ward	179,644	180,283
Home Care	159,428	159,428
Medicine	157,172	157,172
Extended Care	129,943	163,945
Community Mental Health	84,037	83,586
Palliative Care Suites	73,601	330,240
Inner City Homelessness Health Initiative	66,709	83,173
Rural Clinics	53,461	53,461
Operation Frontline Health	53,040	-
Other	38,346	38,210
Capital Care Campaign	33,159	33,159
Cancer Clinic	26,714	19,855
Dental Program	21,216	23,341
Emergency	12,352	12,352
Doctor's Fund	11,840	11,840
Heart Health	10,007	10,007
Women's Wellness - Baby Friendly	2,838	22,001
Creative Sentencing Fund - Air Filters	(355)	21,896
Balance, end of year	\$ 6,004,989	\$ 7,623,132

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Internally restricted fund balances:

	2022	2021
Lobby Renovations	\$ 735,000	\$ -
Better Together: Working with Indigenous Partners	545,495	-
Therapeutic & Safety Improvements	124,100	-
ECT Equipment	97,947	-
Omnicell Anesthesia Machine	94,748	-
Tympanoplasty Set	29,285	29,285
Transport Chairs	8,220	-
Social-Emotional Education Program	2,905	5,580
Positive Immunization Experience Program	1,773	2,292
Patient Comfort Supplies	1,280	10,974
Janvier food security program (year 2)	894	894
Omnicell Medication System	-	7,720
Water and Ice Dispenser	-	1,815
Wheelchairs	-	1,720
Basic Life Support Training Room Upgrades	(79)	1,020
Balance, end of year	\$ 1,641,568	\$ 61,300

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Joint ventures:

During the year, the Foundation entered into two joint venture agreements with unrelated third parties for the purpose of co-organizing and cross promoting two charitable gaming events. Both events were held and completed (September and February draw dates) during the year. The Foundation's proportionate share of each event is as follows and is included in the Foundation's fundraising activities in the statement of operations:

As at March 31	September draw	February draw
Current assets	\$ -	\$ 20
Current liabilities	-	20
Net assets	-	-
Foundation's share of net assets	-	-
Year ended March 31	\$ -	\$ -
Revenues	\$ 129,930	\$ 49,980
Expenditures	77,179	30,345
Excess of revenues over expenditures	\$ 52,751	\$ 19,635
Foundation's net share of excess revenue over expenditures	\$ 17,584	\$ 9,818

8. Gifts-in-kind:

During the year, the Foundation received gifts-in-kind from its suppliers and sponsors to support its fundraising activities in the amount of \$113,237 (2021 - \$102,674). This amount has been included as part of revenue with a corresponding amount being included as part of fundraising activities expense.

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Investment income:

Investment income is comprised of the following:

	2022	2021
Interest, dividends and realized gains	\$ 1,143,582	\$ 730,529
Unrealized investment (losses) gains	(1,062,529)	707,803
	<u>\$ 81,053</u>	<u>\$ 1,438,332</u>

10. Related party transactions:

The Foundation provided donations in the amount of \$3,281,019 (2021 - \$1,571,730), including \$nil of gift-in-kind donations (2021 - \$722) to Alberta Health Services. During the year expenditures include \$364,993 (2021 - \$404,077) that were processed by Alberta Health Services on behalf of the Foundation. Accounts payable includes an amount of \$88,308 (2021 - \$26,321) due to Alberta Health Services. 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 related parties.

Accommodation, furnishings, and certain other overhead costs incurred in the administration of the Foundation provided by Alberta Health Services are not reasonably estimable and consequently are not reflected in these financial statements.

11. Additional information to comply with the disclosure requirements of the Charitable Fund Raising Act and Regulations:

In 2022, \$274,721 (2021 - \$296,355) was paid to three (2021 - six) positions whose principal duties involved fundraising. The Foundation paid fees to businesses for fundraising activities amounting to \$nil (2021 - \$nil).

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Commitments:

The Foundation has entered into an arrangement to provide long-term financial support for projects in the Wood Buffalo Area. The commitment will be fulfilled over a 2-year period once the construction project has commenced. As of March 31, 2022, the Foundation has accrued liabilities of \$nil (2021 - \$nil) related to these projects. The total commitments are as follows:

	Total commitments	Funded commitments	Unfunded commitments
Minimally Invasive Surgical Suites	\$ 6,300,000	\$ 5,388,444	\$ 911,556

13. Pledges:

The Foundation has total pledges outstanding of \$999,985 (2021 - \$1,954,648) of which \$150,000 (2021 - \$30,000) have been recognized at March 31, 2022 and are included in accounts receivable. The remaining pledges are scheduled to be received in future years.

Pledges outstanding includes \$600,000 related to the commitments disclosed in note 10 and will be received between 2022 and 2023.

14. Risk management:

Credit and price risk

Income and financial returns on investments are exposed to credit and price risks, which have been increased as a result of COVID-19. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate, and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

These risks are managed by the Foundation's investment policies, which prescribe the investment asset mix.

NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2022

14. Risk management (continued):

Credit and price risk (continued)

Changes in interest rates and credit ratings are the main cause of changes in the fair value of government securities and corporate bonds resulting in a favorable or unfavorable variance compared to book value. Credit risk is mitigated by diversifying the securities between government, government backed and corporate issuers. Interest rate risk is mitigated by managing maturity dates and payment frequency. The Foundation limits credit risk associated with other financial assets by dealing with counterparties that it believes are creditworthy.

Geographical and economic risk

The Foundation operates primarily in the Regional Municipality of Wood Buffalo ("the region") and is dependent on external investment decisions made by provincial and federal governments and businesses in the region to fund major activities of the Foundation. The economy in the region has suffered a significant downturn in fiscal 2022 and preceding years due to flooding impacting the region in April of 2020, overall recession with the reduction in the price of oil, and the 2020 global COVID-19 pandemic. These events have increased volatility and economic uncertainty and the Foundation continues to monitor the impact of these events.

15. Employee future benefits:

All eligible employees of the Foundation participate in the Local Authorities Pension Plan (LAPP) under the Public Sector Pension Plans Act. Contribution requirements for the Foundation are as follows:

	2022	2021
Employer		
Pensionable earnings up to the maximum under the Canada Pension Plan	9.39%	9.39%
Pensionable earnings in excess of the maximum under the Canada Pension Plans	13.84%	13.84%
Employee Pensionable earnings up to the maximum under the Canada Pension Plan	8.39%	8.39%
Pensionable earnings in excess of the maximum under the Canada Pension Plans	12.84%	12.84%

Information for the year ended December 31, 2022 was not available at the time of preparing these financial statements (2020 - actuarial surplus of \$5.0 billion). The Foundation contributed a total of \$29,067 for the year ended March 31, 2022 (2021 - \$30,931), which has been recorded within salaries and benefits expenditures in the statement of operations. The Foundation had 2 (2021 - 3) contributing members in the plan which has a total of 275,863 members as at December 31, 2022 (2021 - 274,151).