

Financial Statements of

**NORTHERN LIGHTS  
REGIONAL HEALTH  
FOUNDATION**

Year ended March 31, 2021



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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, 2021
- 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, 2021, 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, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Edmonton, Canada

June 23, 2021

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

## Financial Statements

Year ended March 31, 2021

### Financial Statements

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# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 2,252,882	\$ 2,050,030
Accounts receivable	122,183	182,136
Prepaid and other expenses	24,847	9,860
	2,399,912	2,242,026
Investments (note 2)	12,774,789	10,399,275
Capital assets (note 3)	59,294	66,225
	\$ 15,233,995	\$ 12,707,526

## Liabilities and Fund Balances

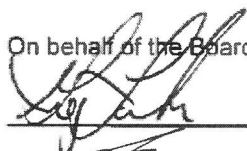
Current liabilities:		
Accounts payable and accrued liabilities	\$ 137,799	\$ 97,905
Deferred revenue	288,340	48,000
	426,139	145,905
Fund balances:		
Invested in capital assets	59,294	66,225
Externally restricted (note 4)	7,623,132	7,012,713
Internally restricted (note 5)	61,300	955,468
Unrestricted	7,064,130	4,527,215
	14,807,856	12,561,621
	\$ 15,233,995	\$ 12,707,526

Commitments (note 10)

Pledges (note 11)

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, 2021, with comparative information for 2020

	Invested in capital assets	Externally restricted	Internally restricted	Unrestricted	Total 2021	Total 2020
<b>Revenue:</b>						
Fundraising activities	\$ -	\$ 1,295,544	\$ -	\$ 1,773,458	\$ 3,069,002	\$ 3,010,623
Investment income (note 7)	-	-	-	1,438,332	1,438,332	3,437
Gifts-in-kind (note 6)	-	-	-	102,674	102,674	170,497
Other revenue (Note 14)	-	-	-	71,261	71,261	1,415
	-	1,295,544	-	3,385,725	4,681,269	3,185,972
<b>Expenditures:</b>						
Fundraising activities	-	-	-	269,912	269,912	560,437
Salaries and benefits	-	-	-	493,895	493,895	605,666
Office and other	-	-	-	92,566	92,566	161,545
Amortization of capital assets	6,931	-	-	-	6,931	10,141
	6,931	-	-	856,373	863,304	1,337,789
<b>Excess (deficiency) of revenue over expenditures before the undermoted</b>	(6,931)	1,295,544	-	2,529,352	3,817,965	1,848,183
<b>Donations to Alberta Health Services (note 8)</b>	-	685,125	885,883	722	1,571,730	1,511,534
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (6,931)	\$ 610,419	\$ (885,883)	\$ 2,528,630	\$ 2,246,235	\$ 336,649

See accompanying notes to financial statements.

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

## Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	Invested in capital assets	Externally restricted	Internally restricted	Unrestricted	2021 Total	2020 Total
Fund balances, beginning of year	\$ 66,225	\$ 7,012,713	\$ 955,468	\$ 4,527,215	\$ 12,561,621	\$ 12,224,972
Excess (deficiency) of revenue over expenditures	(6,931)	610,419	(885,883)	2,528,630	2,246,235	336,649
Purchase of capital assets	-	-	-	-	-	2,562
Transfers	-	-	(8,285)	8,285	-	(2,562)
Fund balances, end of year	\$ 59,294	\$ 7,623,132	\$ 61,300	\$ 7,064,130	\$ 14,807,856	\$ 12,561,621

See accompanying notes to financial statements.



# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 2,246,235	\$ 336,649
Items not involving cash:		
Amortization of capital assets	6,931	10,141
Unrealized investment (gain) loss	(707,803)	419,426
Change in non-cash operating working capital:		
Decrease in accounts receivable	59,953	268,627
Decrease (increase) in prepaid and other expenses	(14,987)	1,594
Increase in accounts payable and accrued liabilities	39,894	2,318
Increase (decrease) in deferred revenue	240,340	(67,000)
	1,870,563	971,755
Investments:		
Purchase of investments, net	(1,667,711)	(342,777)
Purchase of capital assets	-	(2,562)
	(1,667,711)	(345,339)
Increase in cash	202,852	626,416
Cash, beginning of year	2,050,030	1,423,614
Cash, end of year	\$ 2,252,882	\$ 2,050,030

See accompanying notes to financial statements.

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

## Notes to Financial Statements

Year ended March 31, 2021

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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.

#### (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, 2021

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## 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

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# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 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:

	2021	2020
Fixed Income:		
Mutual funds	\$ 9,849,878	\$ 7,639,717
Money market funds	770	1,536
Guaranteed Investment Certificates	1,493,504	1,470,208
	11,344,152	9,111,461
Equities:		
Exchange - Traded funds	1,416,434	1,283,292
	1,416,434	1,283,292
Cash and cash equivalents	14,203	4,522
	\$ 12,774,789	\$ 10,399,275

Guaranteed Investment Certificates (GICs) bear interest at a rate of 0.56% (2020 - 1.70%) maturing on March 9, 2022 (2020 - March 9, 2021).

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

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 3. Capital assets:

				2021	2020
	Cost	Accumulated amortization		Net book value	Net book value
Donor wall	\$ 98,013	\$ 39,428	\$	58,585	\$ 65,205
Furniture and fixtures	27,878	27,169		709	810
Equipment	39,027	39,027		-	210
	\$ 164,918	\$ 105,624	\$	59,294	\$ 66,225

## 4. Externally restricted fund balances:

	2021	2020
Minimally Invasive Surgical Suites	\$ 4,759,944	\$ 4,131,444
Continuing Care	434,623	396,303
Public Health	394,790	394,790
Palliative Care Suites	330,240	896,351
Multi-purpose Clinics	300,000	300,000
Return in Service	234,654	234,654
Women's Wellness – Maternal Ward	180,283	212,923
Extended Care	163,945	7,005
Home Care	159,428	2,401
Medicine	157,172	505
Pediatrics	95,172	93,125
Community Mental Health	83,586	52,145
Inner City Homelessness Health Initiative	83,173	99,429
Rural Clinics	53,461	53,461
Capital Care Campaign	33,159	-
Dental Program	23,341	23,341
Women's Wellness – Baby Friendly	22,001	23,985
Creative Sentencing Fund – Air Filters	21,896	-
Cancer Clinic	19,855	19,855
Emergency	12,352	10,939
Doctor's Fund	11,840	11,840
Heart Health	10,007	10,007
Other	38,210	38,210
Balance, end of year	\$ 7,623,132	\$ 7,012,713

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 5. Internally restricted fund balances:

	2021	2020
Tympanoplasty Set	\$ 29,285	\$ 29,285
Patient Comfort Supplies	10,974	3,006
Omniceil Medication System	7,720	792,346
Social-Emotional Education Program	5,580	-
Positive Immunization Experience Program	2,292	2,292
Water and Ice Dispenser	1,815	1,815
Wheelchairs	1,720	-
Basic Life Support Training Room Upgrades	1,020	61,250
Janvier food security program (year 2)	894	894
Gamma Probe	-	64,580
Balance, end of year	\$ 61,300	\$ 955,468

## 6. 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 \$102,674 (2020 - \$170,497). This amount has been included as part of revenue with a corresponding amount being included as part of fundraising activities expense.

## 7. Investment income:

Investment income is comprised of the following:

	2021	2020
Interest, dividends and realized gains	\$ 730,529	\$ 422,863
Unrealized investment (losses) gains	707,803	(419,426)
	\$ 1,438,332	\$ 3,437

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 8. Related party transactions:

The Foundation provided donations in the amount of \$1,571,730 (2020 - \$1,511,534), including \$722 of gift-in-kind donations (2020 - \$nil) to Alberta Health Services. During the year expenditures include \$404,077 (2020 - \$488,722) that were processed by Alberta Health Services on behalf of the Foundation. Accounts payable includes an amount of \$26,321 (2020 - \$57,245) 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.

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

In 2021, \$296,355 (2020 - \$400,518) was paid to six (2020 - five) positions whose principal duties involved fundraising. The Foundation paid fees to businesses for fundraising activities amounting to \$nil (2020 - \$nil).

## 10. Commitments:

The Foundation has entered into two arrangements to provide long-term financial support for projects in the Wood Buffalo Area. The commitments will be fulfilled over a 2 year period once the construction project has commenced. As of March 31, 2021, the Foundation has accrued liabilities of \$nil (2020 - \$nil) related to these projects. The total commitments are as follows:

	Total commitments	Funded commitments	Unfunded commitments
Minimally Invasive Surgical Suites	\$ 6,300,000	\$ 4,759,944	\$ 1,540,056
Palliative Care Suites	1,685,750	1,350,612	335,138

# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 11. Pledges:

The Foundation has total pledges outstanding of \$1,954,648 (2020 - \$3,328,165) of which \$30,000 (2020 - \$130,000) have been recognized at March 31, 2021 and are included in accounts receivable. The remaining pledges are scheduled to be received in future years.

Pledges outstanding includes \$1,300,000 related to the commitments disclosed in note 10 and will be received between 2022 and 2023.

## 12. 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.

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 2021 and preceding years due to macroeconomic events including the 2016 wildfires, 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.



# NORTHERN LIGHTS REGIONAL HEALTH FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 13. 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:

	2021	2020
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, 2020 was not available at the time of preparing these financial statements (2019 - actuarial surplus of \$7.9 billion). The Foundation contributed a total of \$30,931 for the year ended March 31, 2021 (2020 - \$38,219), which has been recorded within salaries and benefits expenditures in the statement of operations. The Foundation had 3 (2020 - 4) contributing members in the plan which has a total of 274,151 members at December 31, 2019 (2018 - 264,813).

## 14. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID - 19) as a pandemic, which continues to spread throughout Canada. The COVID-19 pandemic and the measure taken to contain the virus continue to impact the economy as a whole. The Foundation implemented a number of measures in response to the pandemic, including workforce adjustments and the cancellation or modification of in-person events. The Foundation also applied for government assistance of \$71,261 under the Canada Emergency Wage Subsidy program which has been recorded as other revenue on the statement of operations. Included in accounts receivable is \$6,532 of CEWS applied for and received in full subsequent to year-end.

The situation is dynamic and ultimate duration and magnitude of the impact on the economy and financial and operating results of the Foundation is not known at this time. Overall, there has not been a substantial change in the financial risks and risk management strategy as a result of the pandemic, and the Foundation has sufficient unrestricted and internally restricted net assets to respond to the pandemic.