

Financial Statements of

**UNIVERSITY HOSPITAL  
FOUNDATION**

Year ended March 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of University Hospital Foundation

### ***Opinion***

We have audited the financial statements of University Hospital Foundation (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the 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 ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***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 a document likely to be entitled the 2021-2022 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 a document likely to be entitled 2021-2022 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 curved line that underlines the text.

Chartered Professional Accountants

Edmonton, Canada

June 29, 2022

# UNIVERSITY HOSPITAL FOUNDATION

## Financial Statements

Year ended March 31, 2022

### Financial Statements

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# UNIVERSITY HOSPITAL FOUNDATION

## Statement of Financial Position

As at March 31, 2022, with comparative information for 2021

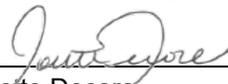
	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,335,736	\$ 4,794,994
Restricted cash (notes 3 and 4)	14,560,890	10,436,135
Accounts receivable (note 4)	744,470	649,284
Accrued interest receivable	-	311,208
Prepaid expenses and deposits	155,100	26,593
Other assets (note 4)	1,437,894	1,417,178
	19,234,090	17,635,392
Investments (note 5)	171,666,277	171,054,778
Capital assets (note 6)	261,074	8,148
	\$ 191,161,441	\$ 188,698,318

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 7)	\$ 3,186,794	\$ 2,898,218
Deferred revenue (note 4)	3,419,004	4,701,375
Current portion of obligations under capital lease (note 8)	41,386	-
	6,647,184	7,599,593
Obligations under capital lease (note 8)	124,115	-
Fund balances:		
Endowment (note 9)	16,296,976	15,669,339
Externally restricted (note 9)	125,254,585	113,568,772
Internally restricted (note 9)	18,072,941	20,683,729
Invested in capital assets	95,573	8,148
Unrestricted	24,670,067	31,168,737
	184,390,142	181,098,725
Commitments (note 11 and 12)		
	\$ 191,161,441	\$ 188,698,318

See accompanying notes to financial statements.

On behalf of the Board:

  
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Joëtte Decore  
Chair, Board of Trustees

  
\_\_\_\_\_  
Chris Fowler, MA  
Chair, Finance & Investment Committee

# UNIVERSITY HOSPITAL FOUNDATION

## Statement of Operations and Changes in Fund Balances

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

	Endowment funds	Externally restricted funds	Internally restricted funds	Invested in capital assets	Unrestricted funds	2022 Total	2021 Total
<b>Revenue:</b>							
Realized investment income (note 5)	\$ -	\$ 3,379,337	\$ -	\$ -	\$ 23,021,266	\$ 26,400,603	\$ 15,762,596
Fundraising	627,637	17,036,284	-	-	4,956,249	22,620,170	12,032,419
Lotteries (note 4)	-	8,934,940	-	-	-	8,934,940	8,221,198
Special events	-	783,459	-	-	1,250,642	2,034,101	1,324,938
Government assistance (note 14)	-	-	-	-	875,532	875,532	1,159,723
	627,637	30,134,020	-	-	30,103,689	60,865,346	38,500,874
<b>Expenditures:</b>							
Administrative	-	54,312	-	-	5,384,558	5,438,870	3,941,831
Lotteries (note 4)	-	5,275,725	-	-	-	5,275,725	4,970,307
Fundraising (note 10)	-	419,655	-	-	3,732,069	4,151,724	4,136,058
Special events	-	419,662	-	-	632,067	1,051,729	1,072,811
Investment costs	-	-	-	-	684,183	684,183	517,107
Amortization of equipment	-	-	-	27,110	-	27,110	32,222
	-	6,169,354	-	27,110	10,432,877	16,629,341	14,670,336
<b>Other:</b>							
Unrealized (loss) gain on investments (note 5)	-	-	-	-	(20,789,589)	(20,789,589)	9,632,688
Return of funds	-	-	-	-	-	-	(954,482)
	-	-	-	-	(20,789,589)	(20,789,589)	8,678,206
Excess (deficiency) of revenue over expenditures before distributions	627,637	23,964,666	-	(27,110)	(1,118,777)	23,446,416	32,508,744
Distributions to charitable organizations (note 7)	-	(19,625,201)	(9,550)	-	(520,248)	(20,154,999)	(16,166,365)
Excess (deficiency) of revenue over expenditures	627,637	4,339,465	(9,550)	(27,110)	(1,639,025)	3,291,417	16,342,379
Fund balances, beginning of year	15,669,339	113,568,772	20,683,729	8,148	31,168,737	181,098,725	164,756,346
Transfers	-	7,346,348	(2,601,238)	-	(4,745,110)	-	-
Purchase of equipment (note 6)	-	-	-	114,535	(114,535)	-	-
Fund balances, end of year	\$ 16,296,976	\$ 125,254,585	\$ 18,072,941	\$ 95,573	\$ 24,670,067	\$ 184,390,142	\$ 181,098,725

See accompanying notes to financial statements.

# UNIVERSITY HOSPITAL FOUNDATION

## Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 3,291,417	\$ 16,342,379
Items not involving cash:		
Amortization of equipment	27,110	32,222
Realized gains on investments	(3,144,889)	(9,999,457)
Unrealized loss (gain) on investments	20,789,589	(9,632,688)
Change in non-cash operating working capital:		
Decrease (Increase) in accounts receivable	(95,186)	(399,819)
Decrease in accrued interest receivable	311,208	257,168
(Increase) decrease in prepaid expenses and deposits	(128,507)	63,365
Decrease in other assets	(20,716)	791,239
Decrease in accounts payable and accrued liabilities	288,577	(210,083)
Decrease in distributions payable	-	(2,153,394)
(Decrease) increase in deferred revenue	(1,282,371)	1,470,160
	20,036,232	(3,438,908)
Financing:		
Payments on capital lease obligation	(13,222)	-
	(13,222)	-
Investments:		
Purchases of investments, net	(18,256,200)	(2,720,176)
Purchase of equipment	(101,313)	-
Increase (decrease) in cash position	1,665,497	(6,159,084)
Cash position, beginning of year	15,231,129	21,390,213
Cash position, end of year	\$ 16,896,626	\$ 15,231,129
Cash position consists of:		
Cash	\$ 1,940,441	\$ 2,580,163
Cash equivalents	395,295	2,214,831
Restricted cash	14,560,890	10,436,135
	\$ 16,896,626	\$ 15,231,129

See accompanying notes to financial statements.

# UNIVERSITY HOSPITAL FOUNDATION

## Notes to Financial Statements

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

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### 1. Authority:

University Hospital Foundation (the "Foundation") operates under the Regional Health Authorities Foundations Regulation. The Foundation is a registered public charity under the Income Tax Act (Canada) and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The purpose of the Foundation is to seek and receive by gift, bequest, transfer or other, property of every nature and description and, subject to any prior trust conditions or other conditions imposed on the use of that property, to hold, use and administer the property to support innovation and excellence at the University of Alberta Hospital (the "Hospital"), the Mazankowski Alberta Heart Institute ("Heart Institute") and the Kaye Edmonton Clinic (the "Clinic") and affiliated programs as a center of excellence for patient care, education and research for the greater benefit of the people of Alberta and Canada.

### 2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook. The Foundation's significant accounting policies are as follows:

#### (a) Fund accounting:

These financial statements include the following funds:

Endowment funds - consist of contributions for which the principal is permanently restricted by externally imposed stipulations specifying that the resources contributed be maintained permanently. Undistributed investment income is capitalized to principal as per the terms of reference.

Externally restricted funds - consist of funds, including principal and investment income, and the Foundation's share of excess of revenues over expenditures of the Full House Lottery, upon which restrictions have been imposed by the donor or external parties.

Internally restricted funds - consist of funds upon which the Board of Trustees (the "Board") has imposed restrictions. These funds represent donations and income that was initially unrestricted which the Board has restricted by program area.

Unrestricted funds - consist of contributions and investment income upon which the donors or the Board have imposed no restrictions. As unrestricted contributions are for use at the Foundation's discretion, they are available to fund operations of current and future periods as required. These funds are managed in accordance with general Board policies and may be restricted through Board motion.

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

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## 2. Significant accounting policies (continued):

(b) Full House Lottery:

The Foundation accounts for its interests in the Full House Lottery using the proportionate consolidation method.

(c) Cash and cash equivalents and restricted cash:

The Foundation considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents. Restricted cash is subject to external restrictions related to strategic partnerships, Alberta Gaming, Liquor and Cannabis ("AGLC") gaming restrictions and the Full House Lottery.

(d) Financial instruments and risk management:

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 investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets that are carried at cost or amortized cost are assessed for impairment on an annual basis. If there are indicators of impairment, the carrying value of financial assets is reduced to reflect the higher of the future expected cash flows and the net realizable value. Should the impairment reverse in a subsequent period, the carrying value of the financial assets will be increased to the extent of the reversal, not exceeding the initial carrying value.

(e) Capital assets:

Capital assets included equipment and equipment under capital lease and is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at the rate of 20% per annum. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

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## 2. Significant accounting policies (continued):

(f) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions as follows:

- (i) Restricted contributions are recognized as revenue of the externally restricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (ii) Unrestricted contributions and contributions for general operations are recognized as revenue of the unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (iii) Contributions for endowments are recognized as revenue in the endowment fund.
- (iv) Pledges are recognized as revenue in the year when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (v) Investment income earned on endowment fund resources that must be used in accordance with the condition imposed by the donor is recognized as revenue of the externally restricted fund. Investment income earned on endowment fund resources that must be added to the endowment principal is recognized as revenue of the endowment fund. Unrestricted investment income earned on endowment fund resources is recognized as revenue of the unrestricted fund. Other investment income is recognized as revenue of the unrestricted fund when earned.
- (vi) Lottery and special events revenue are recognized as of the date of the lottery prize draw or event as Lottery or event revenues cannot be reasonably estimated until the date of the lottery prize draw or event.
- (vii) The Foundation applies for financial assistance under available government programs. Government assistance is recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred.

(g) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance and occur in the normal course of business are measured at the exchange amount being the amount of consideration agreed upon by the relevant parties. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

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## 2. Significant accounting policies (continued):

(g) Related party transactions (continued):

Accommodation and certain overhead costs incurred in the administration of the Foundation, borne by the Hospital, Heart Institute and Clinic, are not recorded in these financial statements as the value of the services is not readily determinable.

(h) Contributed materials and services:

Contributed materials and services are recorded at fair value when they would have otherwise been purchased and when a fair value can be reasonably estimated. Contributed services of volunteers are not recognized in these financial statements as their fair value cannot be reasonably determined.

(i) Allocation of fundraising and general expenses:

The Foundation classifies expenses on the Statement of Operations and Changes in Fund Balances by function and does not allocate expenses between functions.

(j) Use of estimates:

The preparation of 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 amount of revenue and expenditures during the period. Actual results could differ from these estimates.

## 3. Restricted cash:

Restricted cash is comprised of the following:

	2022	2021
Other gaming	\$ 7,139,828	\$ 3,707,273
Partnerships	5,821,767	4,516,515
Full House Lottery (note 4)	1,599,295	2,212,347
	<u>\$ 14,560,890</u>	<u>\$ 10,436,135</u>

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

## 4. Full House Lottery joint venture:

These financial statements include the Foundation's proportionate share (50%) of the Full House Lottery as follows:

	2022	2021
<b>Assets</b>		
Restricted cash	\$ 1,599,295	\$ 2,212,347
Accounts receivable	94,854	81,844
Other assets*	1,437,894	1,417,178
	<b>\$ 3,132,043</b>	<b>\$ 3,711,369</b>
<b>Liabilities and Net deficiency</b>		
Accounts payable and accrued liabilities	\$ 987,865	\$ 221,318
Deferred revenue**	3,419,004	4,701,375
	4,406,869	4,922,693
Net deficiency	(1,274,826)	(1,211,324)
	<b>\$ 3,132,043</b>	<b>\$ 3,711,369</b>
<b>Revenue and Expenditures</b>		
	2022	2021
Revenue	\$ 8,934,940	\$ 8,221,198
Expenditures	5,275,725	4,970,307
Distributions	3,722,717	3,189,173
(Deficiency) excess of revenue over expenditures and distributions	(63,502)	61,718
Cash from operating activities	1,558,905	2,155,258

\*Other assets include lottery prizes that will be awarded subsequent to the draw date of June 30, 2022 (2021 - June 30, 2021).

\*\*Lottery revenues and prize expenses related to the 2022 Lottery that were received or incurred during the fiscal year are deferred until the draw date of June 30, 2022 (2021 - June 30, 2021).

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

## 5. Investments:

	2022	2021
Bonds:		
Pooled bond funds	\$ 96,052,595	\$ 46,776,907
Government of Canada bonds	-	15,699,807
Provincial bonds	-	13,639,239
Corporate bonds	-	16,693,646
<b>Total bonds</b>	<b>96,052,595</b>	<b>92,809,599</b>
Equities:		
Canadian common shares	34,071	9,227,366
Canadian pooled equity funds	27,377,220	17,026,713
U.S. pooled equity funds	112,062	15,188,682
Global pooled equity funds	47,519,112	36,271,382
<b>Total equities</b>	<b>75,042,465</b>	<b>77,714,143</b>
Mutual funds:		
Canadian mutual funds	402,148	367,963
Cash surrender value of life insurance policies	169,069	163,073
	<b>\$ 171,666,277</b>	<b>\$ 171,054,778</b>

During the year, the remaining portion of segregated securities were liquidated and reinvested in professionally managed pooled bond funds. As a result, a gain of \$17,788,063 (2021 - \$5,295,414) was realized upon liquidation and is included in the total realized gains.

The pooled fixed income fund represents an interest in a fund consisting of Canadian corporate bonds, and Canadian provincial and federal government bonds. The pooled equity funds represent an interest in funds consisting of Canadian, U.S, and global equities.

The Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments.

Investment income is comprised of:

	2022	2021
Interest income	\$ 2,329,161	\$ 3,286,165
Dividend income	3,127,668	2,476,974
Realized gains	20,943,774	9,999,457
<b>Realized investment income</b>	<b>26,400,603</b>	<b>15,762,596</b>
Unrealized (loss) gain	(20,789,589)	9,632,688
	<b>\$ 5,611,014</b>	<b>\$ 25,395,284</b>

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

## 6. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 1,339,292	\$ 1,242,047	\$ 97,245	\$ 8,148
Assets under capital lease	178,723	14,894	163,829	-
	\$ 1,518,015	\$ 1,256,941	\$ 261,074	\$ 8,148

## 7. Related party transactions:

The Foundation provides donations of money and gifts in kind to the Hospital, Heart Institute and Clinic. These donations allow the Hospital, Heart Institute and Clinic to provide equipment, patient services, education and research not funded from other sources. The cash donations are included in distributions to charitable organizations.

At March 31, 2022, accounts payable and accrued liabilities includes \$1,503,363 (2021 - \$891,797) payable to Alberta Health Services ("AHS") for certain salaries and services paid by AHS on the Foundation's behalf as well as distributions to the Hospital, Heart Institute and Clinic in support of research and patient care programs.

## 8. Obligations under capital lease:

The Foundation has entered into a lease agreement for equipment, expiring in November 2025. Obligations for lease payments are as follows:

	2022
2023	\$ 50,461
2024	50,461
2025	50,461
2026	33,641
Total minimum lease payments	185,024
Less amount representing interest at 6.37%	(19,523)
Present value of net minimum capital lease payments	165,501
Less current portion of obligations under capital lease	(41,386)
	\$ 124,115

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

## 9. Fund balances:

As at March 31, 2022	Endowment	Externally restricted	Internally restricted
Ambulatory care	\$ 112,163	\$ 2,670,441	\$ -
Burns	198,863	1,539,067	-
Cardiac sciences	2,027,179	43,088,281	121,708
Critical care	-	416,168	-
Emergency	-	559,261	-
Equipment	27,050	214,671	17,654
General purpose	1,081,424	4,197,637	2,716,887
General systems intensive care unit	333,358	51,412	-
General purpose - research	6,234,211	25,907,705	559,669
Medicine	693,803	9,216,141	873,620
Mental health	804,970	1,359,944	-
Neurosciences	1,312,614	15,786,905	13,431,222
Nursing	900,755	688,935	62,876
Operative services	189,395	1,017,476	-
Prostate & urology	15,688	7,545,279	-
Renal	1,351,630	5,749,178	-
Respiratory	53,350	2,556,309	-
Transplantation	604,037	2,057,193	-
University of Alberta Hospital Site	356,486	632,582	289,305
<b>Total</b>	<b>\$ 16,296,976</b>	<b>\$ 125,254,585</b>	<b>\$ 18,072,941</b>

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

## 9. Fund balances (continued):

As at March 31, 2021	Endowment	Externally restricted	Internally restricted
Ambulatory care	\$ 112,163	\$ 1,516,899	\$ -
Burns	198,069	1,321,337	-
Cardiac sciences	1,970,816	39,470,063	111,452
Critical care	-	350,945	-
Emergency	-	270,161	21,849
Equipment	26,850	191,319	646,526
General purpose	1,074,299	2,901,485	5,812,433
General purpose - research	6,217,357	25,484,854	673,986
Medicine	643,803	7,937,148	800,000
Mental health	707,864	954,268	-
Neurosciences	1,258,614	14,215,547	12,285,842
Nursing	900,755	482,030	57,577
Operative Services	189,395	908,730	-
Prostate & urology	15,688	10,074,924	-
Renal	1,344,794	3,896,522	-
Respiratory	53,350	1,246,645	-
Transplantation	604,037	2,005,388	-
University of Alberta Hospital Site	351,485	340,507	274,064
<b>Total</b>	<b>\$ 15,669,339</b>	<b>\$ 113,568,772</b>	<b>\$ 20,683,729</b>

## 10. Additional information to comply with the disclosure requirement of the Charitable Fund Raising Act and Regulation:

In 2022, \$2,645,180 (2021 - \$1,975,721) was paid as remuneration to employees whose principal duties involve fundraising.

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

## 11. Pledge commitments:

The Foundation has pledges of \$12,626,669 (2021 - \$11,161,385) from donors which have not been recognized as revenue at year-end. Revenue will be recognized once collection is reasonably assured. Receipt of the amounts pledged is expected by the Foundation as follows:

	2023	Thereafter
Cardiac sciences	\$ 10,000	\$ 25,000
General purpose	200,000	600,000
General purpose - research	113,551	110,306
Medicine	95,000	48,360
Neurosciences	1,140,944	3,185,008
Respiratory	5,000	15,000
Prostate & Urology	1,066,000	5,371,500
Renal	280,000	340,000
University of Alberta Hospital Site	12,000	9,000
<b>Total</b>	<b>\$ 2,922,495</b>	<b>\$ 9,704,174</b>

## 12. Funding commitments:

The Foundation has the following cumulative funding commitments, as approved by the Board, which are expected to be fulfilled within the next five years:

	2022	2021
Cardiac sciences	\$ 3,691,301	\$ 4,846,309
Critical care	57,833	50,834
Emergency	511,519	1,140,269
General purpose - research	6,492,747	14,235,725
Medicine	1,035,923	622,616
Mental Health	-	150,000
Neurosciences	22,027,727	7,286,847
Operative services	1,022,209	641,166
Prostate & urology	150,072	1,191,249
Renal	2,670,521	1,965,470
Respiratory	1,012,375	-
Transplantation	255,164	919,623
University of Alberta Hospital Site	708,675	718,683
	<b>\$ 39,636,066</b>	<b>\$ 33,768,791</b>

# UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

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

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## 13. Financial risks:

Income and financial returns on investments are exposed to credit and price risks. 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, foreign exchange 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. Foreign exchange risk relates to the possibility that the investments will change in value due to fluctuations in foreign currencies. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

While COVID-19 continued to have an impact on the economy throughout fiscal 2021, the Foundation has continued to operate with relatively minimal disruption and continues to manage discretionary spend and evaluate future in-person events on a case by case basis.

These risks are mitigated by the Foundation's investment policies, which prescribe the investment asset mix including the degree of liquidity and concentration and the amount of foreign content.

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 investing in securities such that an average credit rating of A or better is achieved and 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.

The Foundation does not use derivative instruments to alter the effects of interest, market and foreign exchange risks

## 14. Government assistance:

Government assistance is comprised of \$851,531 (2021 - \$1,133,461) under the Canada Emergency Wage Subsidy ("CEWS") program and \$24,001 (2021 - \$26,262) under the Canada Emergency Rent Subsidy ("CERS") program. These have been recorded as government assistance on the statement of operations and changes in fund balances. There are no amounts included in accounts receivable for CEWS (2021 - \$396,481) and CERS (2021 - \$26,262) representing amounts applied for and not yet received.

## 15. Comparative information:

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