

Financial Statements of

**UNIVERSITY HOSPITAL
FOUNDATION**

Year ended March 31, 2023



KPMG LLP
2200, 10175 – 101 Street
Edmonton, AB T5J 0H3
Telephone (780) 429-7300
Fax (780) 429-7379
www.kpmg.ca

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our auditor’s 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 2022-2023 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 2022-2023 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 22, 2023

UNIVERSITY HOSPITAL FOUNDATION

Financial Statements

Year ended March 31, 2023

Financial Statements

Statement of Financial Position	1
Statement of Operations and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements	4 - 14

UNIVERSITY HOSPITAL FOUNDATION

Statement of Financial Position

As at March 31, 2023, with comparative information for 2022


	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,725,307	\$ 2,335,736
Restricted cash (notes 3 and 4)	9,371,330	14,560,890
Accounts receivable (note 4)	216,284	744,470
Prepaid expenses and deposits	173,769	155,100
Other assets (note 4)	1,870,065	1,437,894
	<u>18,356,755</u>	<u>19,234,090</u>
Investments (note 5)	166,437,923	171,666,277
Capital assets (note 6)	245,612	261,074
	<u>\$ 185,040,290</u>	<u>\$ 191,161,441</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 7)	\$ 4,512,982	\$ 3,186,794
Deferred revenue (note 4)	3,387,308	3,419,004
Current portion of obligations under capital lease (note 8)	49,607	41,386
	<u>7,949,897</u>	<u>6,647,184</u>
Obligations under capital lease (note 8)	100,960	124,115
Fund balances:		
Endowment (note 9)	16,593,992	16,296,976
Externally restricted (note 9)	125,147,771	125,254,585
Internally restricted (note 9)	18,080,661	18,072,941
Invested in capital assets	95,045	95,573
Unrestricted	17,071,964	24,670,067
	<u>176,989,433</u>	<u>184,390,142</u>
Commitments (notes 11 and 12)		
	<u>\$ 185,040,290</u>	<u>\$ 191,161,441</u>

See accompanying notes to financial statements.

On behalf of the Board:



Joette Décore
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, 2023, with comparative information for 2022

	Endowment funds	Externally restricted funds	Internally restricted funds	Invested in capital assets	Unrestricted funds	2023 Total	2022 Total
Revenue:							
Fundraising	\$ 297,016	\$ 9,659,026	\$ -	\$ -	\$ 4,023,264	\$ 13,979,306	\$ 22,620,170
Lotteries (note 4)	-	6,284,861	-	-	-	6,284,861	8,934,940
Special events	-	560,375	-	-	1,724,908	2,285,283	2,034,101
Government assistance (note 14)	-	-	-	-	-	-	875,532
Realized investment (loss) income (note 5)	-	(141,237)	-	-	(2,271,202)	(2,412,439)	26,400,603
	297,016	16,363,025	-	-	3,476,970	20,137,011	60,865,346
Expenditures:							
Administrative	-	22,378	-	-	5,496,508	5,518,886	5,438,870
Lotteries (note 4)	-	5,256,031	-	-	-	5,256,031	5,275,725
Fundraising (note 10)	-	163,047	-	-	3,586,470	3,749,517	4,151,724
Special events	-	388,124	-	-	872,193	1,260,317	1,051,729
Investment costs	-	-	-	-	577,956	577,956	684,183
Amortization of equipment	-	-	-	79,346	-	79,346	27,110
	-	5,829,580	-	79,346	10,533,127	16,442,053	16,629,341
Other:							
Unrealized gain (loss) on investments (note 5)	-	-	-	-	1,332,254	1,332,254	(20,789,589)
Excess (deficiency) of revenue over expenditures before distributions							
	297,016	10,533,445	-	(79,346)	(5,723,903)	5,027,212	23,446,416
Distributions to charitable organizations (note 7)	-	(12,531,601)	-	-	103,680	(12,427,921)	(20,154,999)
(Deficiency) excess of revenue over expenditures							
	297,016	(1,998,156)	-	(79,346)	(5,620,223)	(7,400,709)	3,291,417
Fund balances, beginning of year	16,296,976	125,254,585	18,072,941	95,573	24,670,067	184,390,142	181,098,725
Transfers	-	1,891,342	7,720	-	(1,899,062)	-	-
Purchase of equipment and lease principal repayment (note 6)	-	-	-	78,818	(78,818)	-	-
Fund balances, end of year	\$ 16,593,992	\$ 125,147,771	\$ 18,080,661	\$ 95,045	\$ 17,071,964	\$ 176,989,433	\$ 184,390,142

See accompanying notes to financial statements.

UNIVERSITY HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenue over expenditures	\$ (7,400,709)	\$ 3,291,417
Items not involving cash:		
Amortization of equipment	79,346	27,110
Realized loss (gain) on investments	7,896,113	(3,144,889)
Unrealized (gain) loss on investments	(1,332,254)	20,789,589
Change in non-cash operating working capital:		
Decrease (Increase) in accounts receivable	528,186	(95,186)
Decrease in accrued interest receivable	-	311,208
Increase in prepaid expenses and deposits	(18,669)	(128,507)
Increase in other assets	(432,171)	(20,716)
Increase in accounts payable and accrued liabilities	1,326,189	288,577
Increase in deferred revenue	(31,696)	(1,282,371)
	614,335	20,036,232
Financing:		
Payments on capital lease obligation	(46,137)	(13,222)
	(46,137)	(13,222)
Investments:		
Purchases of investments, net	(1,335,506)	(18,256,200)
Purchases of equipment	(32,681)	(101,313)
	(1,368,187)	(18,357,513)
(Decrease) increase in cash position	(799,989)	1,665,497
Cash position, beginning of year	16,896,626	15,231,129
Cash position, end of year	\$ 16,096,637	\$ 16,896,626
Cash position consists of:		
Cash	\$ 6,725,307	\$ 1,940,441
Cash equivalents	-	395,295
Restricted cash	9,371,330	14,560,890
	\$ 16,096,637	\$ 16,896,626

See accompanying notes to financial statements.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023, with comparative information for 2022

1. Authority:

The 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, 2023, with comparative information for 2022

2. Significant accounting policies (continued):

(b) Full House Lottery:

The Foundation accounts for its 50% interest 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:

Investments consist of equity instruments quoted in an active market as well as investments in pooled funds and any investments in fixed income securities and equities not quoted in an active market that the Foundation designates upon purchase to be measured at fair value. Alternative investments are recorded at the net asset value per unit reported by each investment fund manager, which represents fair value.

All transactions are recorded on a settlement date basis. Transaction costs are recognized in the statement of operations and changes in fund balances in the period which they are incurred.

Derivative financial instruments are carried at fair value, with gains and losses recognized in the statement of operations and changes in fund balances in the year in which the changes in market value occur.

Other financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are recorded at fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Financial assets that are carried at amortized cost are assessed for impairment on an annual basis. If there are indicators of impairment, the carrying value of the financial asset is reduced to reflect the higher of its future expected cash flows and net realizable value. Should the impairment reverse in a subsequent period, the carrying value of the financial asset 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 25% 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, 2023, with comparative information for 2022

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 when eligible. 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, 2023, with comparative information for 2022

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:

	2023	2022
Partnerships	\$ 5,728,153	\$ 5,821,767
Other gaming	2,574,608	7,139,828
Full House Lottery (note 4)	1,068,569	1,599,295
	<u>\$ 9,371,330</u>	<u>\$ 14,560,890</u>

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

4. Full House Lottery joint venture:

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

	2023	2022
Assets		
Restricted cash	\$ 1,068,569	\$ 1,599,295
Accounts receivable	56,285	94,854
Other assets*	1,870,065	1,437,894
	<u>\$ 2,994,919</u>	<u>\$ 3,132,043</u>
Liabilities and Net deficiency		
Accounts payable and accrued liabilities	\$ 986,004	\$ 987,865
Deferred revenue**	3,387,308	3,419,004
	<u>4,373,312</u>	<u>4,406,869</u>
Net deficiency	(1,378,393)	(1,274,826)
	<u>\$ 2,994,919</u>	<u>\$ 3,132,043</u>
Revenue		
	\$ 6,284,861	\$ 8,934,940
Expenditures		
Distributions	5,256,031	5,275,725
Deficiency of revenue over expenditures and distributions	1,132,395	3,722,717
	<u>(103,565)</u>	<u>(63,502)</u>
Cash from operating activities	991,267	1,558,905

* Other assets include prize expenses related to the 2023 Lottery that were incurred during the fiscal year and are deferred until the draw date of June 08, 2023 (2022 - June 30, 2022).

**Lottery revenues related to the 2023 Lottery that were received during the fiscal year are deferred until the draw date of June 08, 2023 (2022 - June 30, 2022).

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

5. Investments:

	2023	2022
Bonds:		
Pooled bond funds	\$ 64,811,385	\$ 96,052,595
Total bonds	64,811,385	96,052,595
Equities:		
U.S. pooled equity funds	-	112,062
Canadian common shares	31,584	34,071
Canadian pooled equity funds	14,986,053	27,377,220
Global pooled equity funds	70,607,393	47,519,112
Total equities	85,625,030	75,042,465
Alternative investments:		
Infrastructure	15,852,128	-
Mutual funds:		
Canadian mutual funds	-	402,148
Cash surrender value of life insurance policies	149,380	169,069
	\$ 166,437,923	\$ 171,666,277

During the year, the Foundation made certain changes to its investment asset mix, including investing \$16.0 million in an infrastructure fund, moving a portion of the pooled bond funds into pooled equity funds as well as making a shift within the pooled bond funds. These changes required the sale of certain funds and as a result, a loss of \$8,566,339 was realized upon liquidation and is included in the realized loss of \$7,896,113 (offset by other realized gains).

The pooled bond funds represent an interest in funds consisting of Canadian corporate bonds, Canadian provincial and federal government bonds, mortgages, high-yield corporate bonds, foreign sovereign bonds, and emerging market debt. The pooled equity funds represent an interest in funds consisting of Canadian, U.S, and global equities. The investment in infrastructure is held through a minority interest in a limited partnership and includes investments in certain contracts to manage utility projects (wind arms, solar projects), medical centres, and other building contracts. As a limited partner, the Foundation may receive a portion of the income earned by the partnership throughout the year which is recorded as partnership income.

The Foundation has outstanding commitments to invest \$16,100,000 (2022 - \$nil) in a mortgage fund over the next one to two years.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

5. Investments (continued):

The Foundation believes it is not exposed to significant liquidity risk as the vast majority (90%) of investments are held in instruments that are liquid and can be disposed of to settle commitments.

Investment income is comprised of:

	2023	2022
Interest income	\$ 2,876,600	\$ 2,329,161
Dividend income	2,229,728	3,127,668
Partnership Income	377,346	-
Realized (loss) gains	(7,896,113)	20,943,774
Realized investment (loss) income	(2,412,439)	26,400,603
Unrealized gain (loss)	1,332,254	(20,789,589)
	\$ (1,080,185)	\$ 5,611,014

6. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 1,364,273	\$ 1,270,991	\$ 93,282	\$ 97,245
Assets under capital lease	209,925	65,295	144,630	163,829
Assets under construction	7,700	-	7,700	-
	\$ 1,581,898	\$ 1,336,286	\$ 245,612	\$ 261,074

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, 2023, accounts payable and accrued liabilities includes \$1,597,427 (2022 - \$1,503,363) 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.

Also, during the current year, AHS returned unused funds of \$111,245 received as a distribution from the Foundation in the previous year. The amount received for unused distribution from the partners was greater than the total distribution for the year in the unrestricted fund, leading to a negative distribution balance.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

8. Obligations under capital lease:

The Foundation has entered into two lease agreements for equipment, expiring in November 2025 and April 2027, respectively. Obligations for lease payments are as follows:

	2023		2022
2023	\$ -	\$	50,461
2024	57,457		50,461
2025	57,457		50,461
2026	40,637		33,641
2027	6,996		-
2028	2,166		-
Total minimum lease payments	164,713		185,024
Less amount representing interest at 6.37%	(14,146)		(19,523)
Present value of net minimum capital lease payments	150,567		165,501
Less current portion of obligations under capital lease	(49,607)		(41,386)
	\$ 100,960	\$	124,115

9. Fund balances:

As at March 31, 2023	Endowment	Externally restricted	Internally restricted
Ambulatory care	\$ 112,163	\$ 2,677,944	\$ -
Burns	199,951	1,615,548	-
Cardiac sciences	2,100,748	35,071,143	121,708
Critical care	-	126,295	-
Emergency	-	559,262	-
Equipment	27,350	356,260	17,654
General purpose	1,091,334	4,246,939	2,724,607
General systems intensive care unit	444,333	42,497	-
General purpose – research	6,266,886	24,680,168	559,669
Medicine	720,003	8,308,192	873,620
Mental health	825,804	972,957	-
Neurosciences	1,316,615	17,670,257	13,431,222
Nursing	900,755	641,593	62,876
Operative services	189,395	664,637	-
Prostate & urology	15,688	7,984,561	-
Renal	1,359,095	6,393,997	-
Respiratory	53,350	2,270,905	-
Transplantation	614,037	2,040,344	-
University of Alberta Hospital Site	356,485	8,824,272	289,305
Total	\$ 16,593,992	\$ 125,147,771	\$ 18,080,661

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

9. Fund balances (continued):

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
Total	\$ 16,296,976	\$ 125,254,585	\$ 18,072,941

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

During the year ended March 31, 2023, \$1,887,916 (2022 - \$2,645,180) was paid as remuneration to employees whose principal duties involve fundraising.

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

11. Pledge commitments:

The Foundation has pledges of \$12,050,399 (2022 - \$12,626,669) from donors which have not been recognized as revenue at March 31, 2023. 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	\$ 100,500	\$ 212,750
General purpose	342,175	520,000
General purpose - equipment	10,000	30,000
Medicine	72,977	5,000
Neurosciences	1,341,313	3,177,384
Prostate & Urology	1,068,900	4,299,900
Renal	370,000	60,000
Respiratory	5,000	10,000
University of Alberta Hospital Site	178,000	246,500
Total	\$ 3,488,865	\$ 8,561,534

12. Funding commitments:

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

	2023	2022
Cardiac sciences	\$ 15,491,554	\$ 4,861,490
Critical care	104,491	57,833
Emergency	500,000	511,519
General purpose - research	7,000,157	6,492,747
Medicine	1,367,060	764,854
Neurosciences	24,127,077	22,332,356
Operative services	595,345	1,022,209
Prostate & urology	2,207,735	2,129,413
Renal	4,178,955	2,670,521
Respiratory	517,125	1,057,375
Transplantation	-	255,164
University of Alberta Hospital Site	9,198,221	953,444
	\$ 65,287,720	\$ 43,108,925

UNIVERSITY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023, with comparative information for 2022

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.

Through fiscal 2023, the impact of COVID-19 on the economy declined as the majority of restrictions were lifted, however high inflation and rising interest rates impacted the economy throughout the year. Even so, the Foundation has continued to operate with relatively minimal disruption including returning to in-person events but continues to manage discretionary spend as needed.

These risks are mitigated by compliance with 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:

In fiscal 2022, government assistance was comprised of \$851,531 under the Canada Emergency Wage Subsidy ("CEWS") program and \$24,001 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. No assistance was received under these programs in fiscal 2023.

15. Comparative information:

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