

Financial Statements of

**ROYAL ALEXANDRA
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Royal Alexandra Hospital Foundation

Opinion

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

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- 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, 2024, 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.



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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

June 24, 2024

ROYAL ALEXANDRA HOSPITAL FOUNDATION

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ROYAL ALEXANDRA HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 2,217,747	\$ 3,707,170
Restricted cash and cash equivalents (note 2)	10,848,274	9,919,757
Accounts receivable (note 10)	1,352,034	868,333
Prepaid expenses and deposits	348,532	2,089,635
	<u>14,766,587</u>	<u>16,584,895</u>
Portfolio investments (note 3)	41,825,962	37,215,144
Land held for resale	-	14,500
	<u>\$ 56,592,549</u>	<u>\$ 53,814,539</u>

Liabilities and Fund Balances

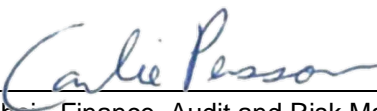
Current liabilities:		
Accounts payable and accrued liabilities (notes 4 and 10)	\$ 5,168,533	\$ 6,311,439
Deferred revenue	5,132,819	3,914,832
	<u>10,301,352</u>	<u>10,226,271</u>
Fund balances:		
Endowment funds	27,300,529	26,056,760
Externally restricted funds	21,092,337	20,234,707
Internally restricted fund	1,417,056	1,417,056
Unrestricted funds (deficit)	(3,518,725)	(4,120,255)
	<u>46,291,197</u>	<u>43,588,268</u>
Commitments and pledges (note 9)		
	<u>\$ 56,592,549</u>	<u>\$ 53,814,539</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chair, Board of Directors



Chair, Finance, Audit and Risk Management
Committee

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	Endowment funds	Externally restricted funds	Internally restricted fund	Unrestricted funds (deficit)	2024 Total	2023 Total
Revenues:						
Charitable gaming (note 5)	\$ -	\$ 10,836,495	\$ -	\$ -	\$ 10,836,495	\$ 11,055,395
Fundraising (note 11)	1,121,722	5,574,861	-	2,572,827	9,269,410	9,495,361
Realized investment income (note 6)	72,047	1,725,414	-	425,275	2,222,736	2,129,970
Other amounts (note 7)	-	-	-	414,317	414,317	19,232
	1,193,769	18,136,770	-	3,412,419	22,742,958	22,699,958
Expenditures:						
Charitable gaming (note 5)	-	7,248,377	-	474,575	7,722,952	7,826,077
Fundraising (note 11)	-	507,948	-	3,256,605	3,764,553	3,316,438
Administrative	-	-	-	1,265,354	1,265,354	1,131,210
	-	7,756,325	-	4,996,534	12,752,859	12,273,725
Excess (deficiency) of revenue over expenditures before the undernoted	1,193,769	10,380,445	-	(1,584,115)	9,990,099	10,426,233
Unrealized investment gain (loss) (note 6)	-	-	-	2,480,936	2,480,936	(2,330,058)
Distributions (note 8)	-	(9,541,126)	-	(226,979)	(9,768,105)	(10,695,187)
Excess (deficiency) of revenue over expenditures	1,193,769	839,319	-	669,842	2,702,930	(2,599,012)
Transfers authorized by the Board of Directors and donors	50,000	18,312	-	(68,312)	-	-
Fund balances, beginning of year	26,056,760	20,234,706	1,417,056	(4,120,255)	43,588,267	46,187,280
Fund balances, end of year	\$ 27,300,529	\$ 21,092,337	\$ 1,417,056	\$ (3,518,725)	\$ 46,291,197	\$ 43,588,268

See accompanying notes to financial statements.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 2,702,930	\$ (2,599,012)
Items not involving cash:		
Realized gains on portfolio investments	(707,478)	(617,280)
Unrealized (gains) losses on portfolio investments	(2,480,936)	2,330,058
In-kind revenue for stock donation	(1,120,293)	(70,518)
Gain on sale of land	(130,500)	-
Change in non-cash operating working capital:		
Accounts receivable	(483,701)	(412,691)
Prepaid expenses and deposits	1,741,103	(453,524)
Accounts payable and accrued liabilities	(1,142,907)	1,259,687
Deferred revenue	1,217,987	(199,932)
	(403,795)	(763,212)
Investments:		
Proceeds from disposal of land	145,000	-
Disposals of portfolio investments	10,245,328	3,700,000
Purchases of portfolio investments	(6,973,766)	(1,356,801)
	3,416,562	2,343,199
Increase in cash position	3,012,767	1,579,987
Cash, beginning of year	13,717,712	12,137,725
Cash, end of year	\$ 16,730,479	\$ 13,717,712
Cash consists of:		
Unrestricted	\$ 2,217,747	\$ 3,707,170
Restricted (note 2)	10,848,274	9,919,757
Cash held for investing purposes (note 3)	3,664,458	90,785
	\$ 16,730,479	\$ 13,717,712

See accompanying notes to financial statements.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

Royal Alexandra Hospital Foundation (the "Foundation") is a non-profit company incorporated under Part 9 of the *Companies Act*, Chapter C-21, Revised Statutes of Alberta 2000, and is exempt from the limitations found in Part 4 of the *Hospitals Act*, Chapter H: 12, Revised Statutes of Alberta 2000 pursuant to Ministerial Order #50/86. 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 Royal Alexandra Hospital Foundation inspires charitable and philanthropic support for the Royal Alexandra Hospital (the "Hospital") and its medical centres of excellence, such as the Lois Hole Hospital for Women, CK Hui Heart Centre, Eye Institute of Alberta and Orthopedic Surgery Centre, among others. In doing so, the Foundation improves the health of Albertans - more than a million patients and their families who come to the Hospital, each year, for treatment and compassionate care.

1. 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:

For financial reporting purposes, the accounts have been classified into the following funds:

Endowment funds - consists of donations and investment income for which the principal is permanently restricted.

Externally restricted funds - consists of funds, including the Foundation's share of the excess of revenues over expenditures of charitable gaming, upon which restrictions have been imposed by third parties. These funds include both unsolicited and solicited donations.

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 a specific priority program at the Hospital.

Unrestricted funds - 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.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(b) Full House and Win Win Staff Lotteries:

The Foundation accounts for its interest in the Full House and the Win Win Staff Lotteries using the proportionate consolidation method. The Foundation partners with other charities in the operation of these lotteries. Therefore, the Foundation proportionately consolidates the assets, liabilities, and profit and loss of these lotteries.

(c) Cash and cash equivalents:

Cash includes cash on hand. Cash held for investing purposes is included as part of portfolio investments.

Cash equivalents includes investments that are readily convertible to cash.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently, all investments quoted in an open market are carried at fair value and all other financial instruments are subsequently recorded at cost or amortized cost.

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 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 right 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.

(e) 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.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(e) Revenue recognition (continued):

- (ii) Unrestricted contributions 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (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 permanently restricted is recognized as revenue of the endowment fund. Other investment income is recognized as revenue of the externally restricted and unrestricted funds when earned.

Revenue from lotteries is recognized upon completion of the lottery.

Government assistance is recognized as revenue when received or receivable. When government assistance relates to future expenses, the Foundation recognizes revenue in the year in which the related expenses are incurred.

(f) 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.

(g) Allocation of fundraising and general administration expenses:

The Foundation classifies expenses on the Statement of Operations by activity. The Foundation supports the Hospital through distributions of cash and human resources. Salary costs are allocated to certain funds based on actual hours incurred directly supporting the Hospital.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

1. Significant accounting policies (continued):

(h) 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.

(i) 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 amounts of revenues and expenses during the year. Significant estimates made in these financial statements include allowances for doubtful accounts and determination of fair value for in-kind revenues. Actual results could differ from those estimates.

2. Restricted cash and cash equivalents:

Restricted cash includes amounts related to the Full House Lottery, Win Win Staff Lottery and other charitable gaming activities, per AGLC gaming restrictions. Of the total amount, \$2,070,356 is held in a guaranteed investment certificate that bears interest at 6% per annum and matures on September 30, 2024.

	2024	2023
Full House Lottery (note 5)	\$ 2,888,659	\$ 1,068,569
Win Win Lottery (note 5)	875,921	673,471
Charitable gaming	7,083,694	8,177,717
	<u>\$ 10,848,274</u>	<u>\$ 9,919,757</u>

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

3. Portfolio investments:

	2024	2023
Fixed income:		
Mortgage funds	\$ 10,131,403	\$ 9,203,833
Bond funds	5,053,795	4,707,310
	<u>15,185,198</u>	<u>13,911,143</u>
Equities:		
Canadian equity funds	6,968,027	6,988,188
Global equity funds	14,412,004	14,362,838
Emerging markets funds	1,552,640	1,822,894
	<u>22,932,671</u>	<u>23,173,920</u>
Cash held for investing purposes	3,664,458	90,785
Cash surrender value of donated life insurance policy	43,635	39,296
	<u>\$ 41,825,962</u>	<u>\$ 37,215,144</u>

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is government remittances payable of \$nil (2023 - \$nil).

5. Charitable gaming:

	2024	2023
Revenues:		
Full House Lottery	\$ 5,264,910	\$ 6,284,861
Win Win Staff Lottery	5,299,799	4,489,245
Casino	-	76,289
Charitable gaming interest revenue	271,786	205,000
	<u>10,836,495</u>	<u>11,055,395</u>
Expenditures:		
Full House Lottery	5,191,837	5,256,031
Win Win Staff Lottery	2,049,461	2,214,782
Charitable gaming administrative expenditures	481,654	355,264
	<u>7,722,952</u>	<u>7,826,077</u>
Excess of revenues over expenditures	<u>\$ 3,113,543</u>	<u>\$ 3,229,318</u>

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Charitable gaming (continued):

a) Full House Lottery joint venture:

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

	2024	2023
Assets:		
Restricted cash	\$ 2,888,659	\$ 1,068,569
Accounts receivable	37,764	56,285
Prepaid expenses and deposits*	200,550	1,870,065
	<u>\$ 3,126,973</u>	<u>\$ 2,994,919</u>
Liabilities and Net Deficiency:		
Accounts payable and accrued liabilities	\$ 888,835	\$ 986,004
Deferred revenue **	4,037,319	3,387,308
	4,926,154	4,373,312
Net deficiency	(1,799,181)	(1,378,393)
	<u>\$ 3,126,973</u>	<u>\$ 2,994,919</u>

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Charitable gaming (continued):

a) Full House Lottery joint venture (continued):

	2024	2023
Revenues	\$ 5,264,910	\$ 6,284,861
Expenditures:		
2024 draw date	1,847,417	-
2023 draw date	3,344,420	1,401,802
2022 draw date	-	3,854,229
	5,191,837	5,256,031
Partner proceeds	349,227	1,130,521
Deficiency of revenues over expenditures and distributions	\$ (276,154)	\$ (101,691)
Cash from operating activities	\$ 73,073	\$ 1,028,830

* Prepaid expenses and deposits include purchased lottery prizes that will be awarded subsequent to the draw date of May 9, 2024 (2023 - June 8, 2023).

** Lottery revenues are deferred until the draw date of May 9, 2024 (2023 - June 8, 2023).

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

5. Charitable gaming (continued):

b) Win Win Staff Lottery:

The financial statements include the Foundation's proportionate share (50%) of the Win Win Staff Lottery as follows:

	2024	2023
Assets:		
Restricted cash	\$ 875,921	\$ 673,471
Accounts receivable	9,188	8,303
Prepaid expenses and deposits	33,312	33,312
	<u>\$ 918,421</u>	<u>\$ 715,086</u>
Liabilities and Net Assets:		
Accounts payable and accrued liabilities	\$ 20,711	\$ 16,122
Deferred revenue	690,746	529,286
	<u>711,457</u>	<u>545,408</u>
Net assets	206,964	169,678
	<u>\$ 918,421</u>	<u>\$ 715,086</u>
Operating Activities:		
	2024	2023
Revenues	\$ 5,299,799	\$ 4,489,245
Expenditures	2,049,461	2,214,782
Distributions	3,260,381	2,253,294
Deficiency of revenues over expenditures and distributions	<u>\$ (10,043)</u>	<u>\$ (21,169)</u>
Cash from (used in) operating activities	<u>\$ 202,449</u>	<u>\$ (27,065)</u>

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Investment income:

	Endowment funds	Externally restricted funds	Unrestricted funds	2024 Total	2023 Total
Realized:					
Dividends	\$ 44,942	\$ 1,076,283	\$ 224,001	\$ 1,345,226	\$ 1,458,532
Interest	5,252	125,780	39,000	170,032	54,158
Realized gains	21,853	523,351	162,274	707,478	617,280
	72,047	1,725,414	425,275	2,222,736	2,129,970
Unrealized:					
Investment gain (loss)	-	-	2,480,936	2,480,936	(2,330,058)
	\$ 72,047	\$ 1,725,414	\$ 2,906,211	\$ 4,703,672	\$ (200,088)

7. Other amounts:

	2024	2023
Other administrative revenue	\$ 277,175	\$ 19,232
Gain on sale of land	130,500	-
Canada Emergency Wage Subsidy, net of amounts returned	6,642	-
	\$ 414,317	\$ 19,232

8. Distributions:

During the year, the Foundation made the following distributions:

	2024	2023
Alberta Health Services	\$ 2,155,044	\$ 3,524,996
University of Alberta	2,273,072	1,749,083
Other charitable organizations*	5,339,989	5,421,108
Balance, end of year	\$ 9,768,105	\$ 10,695,187

*Included within distributions to other charitable organizations are \$3,260,381 (2023 - \$2,253,294) to the other foundations that participate in the Win Win Staff Lottery.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Commitments and pledges:

Commitments

Approved funding commitments of \$18,285,814 (2023 - \$17,644,779) will be carried forward as follows:

2025	\$	8,264,222
2026		2,801,592
Thereafter		7,220,000

Pledges receivable

The Foundation has received pledges of \$13,895,736 (2023 - \$2,070,917) from donors. The amounts pledged are expected by the Foundation as follows:

2025	\$	7,118,032
2026		5,477,000
Thereafter		1,300,704

Government grants are recorded as revenue and receivable in the year in which they relate. Pledges from private donors are not recorded until received or until it is virtually certain amounts will be received. No amounts included in the table above are recorded in accounts receivable as they have not met the aforementioned criteria.

10. Related party transactions:

Board members are volunteers who are affiliated with employers, partnerships and companies through pre-existing relationships. The Foundation may transact with these entities as service providers or donors through the normal course of operations. The Foundation has a conflict of interest process whereby these types of relationships are identified and communicated internally.

The Foundation provides donations of money and gifts in kind to Alberta Health Services (AHS) on behalf of the Hospital. These donations allow AHS to provide patient services, education, equipment and research not funded from other sources on behalf of the Hospital. The cash donations are included in distributions on the Statement of Operations and Changes in Fund Balances.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

10. Related party transactions (continued):

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

At year end, accounts receivable includes \$56,205 (2023 - accounts payable and accrued liabilities include \$106,151) with AHS for certain salaries and services paid by AHS on the Foundation's behalf. The Foundation's personnel are directly paid by AHS. All salary and benefit costs are charged to the Foundation. In the current year, the Foundation provided reimbursements to AHS for salaries and benefits of \$3,757,049 (2023 - \$3,069,301).

During the year, the Foundation made distributions of \$2,155,044 (2023 - \$3,524,996) to AHS on behalf of the Hospital (note 8).

11. Fundraising revenue, expenses and other:

As required under Section 7(2) of the Charitable Fundraising Act Regulation of Alberta, the Foundation discloses the expenses incurred for the purpose of soliciting contributions, which were \$3,764,553 (2023 - \$3,316,438). This amount includes total remuneration paid to employees of the Foundation whose principal duties involve fundraising of \$2,649,708 (2023 - \$2,058,148).

During the year, the Foundation received a donation of marketable securities with a fair value of \$1,120,293 (2023 - \$70,518) which has been recorded within fundraising revenue.

No single disposition of contributions equal to or exceed 10% of the gross contributions received in the year (2022 - \$nil).

12. Employee benefits:

Employees of the Foundation participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. LAPP is financed by employer and employee contributions and by investment earnings of the LAPP fund. The Foundation is required to make current services contributions to LAPP of 8.45% (2023: 8.45%) of eligible pensionable earnings up to the year's maximum pension earnings and 11.65% (2023: 12.23%) on pensionable earnings above this amount. Employees of the Foundation are required to make current service contributions of 7.45% (2023: 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2023: 11.23%) on pensionable salary above this amount. Contributions for current service are recorded as expenses in the year in which they become due.

ROYAL ALEXANDRA HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

12. Employee benefits (continued):

Total contributions by the Foundation to LAPP in 2023 were \$211,775 (2022: \$218,379). Total contributions by the employees of the Foundation to LAPP in 2022 were \$236,859 (2022: \$197,133). At December 31, 2022, LAPP reported an actuarial surplus of \$12.6 billion.

13. Financial instrument risks:

Operational income and financial returns on investments are exposed to credit and price risk. 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 price risk. Interest rate risk relates to the possibility that investments will change in value due to fluctuations in interest rates or cash flows will be impacted by changes in interest rates. Market and foreign exchange risk relate to the possibility that investments and financial instruments will change in value due to future fluctuations in market prices and foreign exchanges rates.

These risks are managed 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 fixed income investments (note 3) resulting in a favourable or unfavourable variance compared to book value. Credit risk is mitigated by investing in diversified portfolios of debt instruments of both government and corporate issuers. Interest rate risk is mitigated by managing maturity dates and payment frequency.

The equity investments held by the Foundation (note 3) expose the Foundation to market price risk.

The Foundation limits credit risk associated with other financial assets, including accounts receivable, by dealing with counterparties that it believes are creditworthy.

There have been no significant changes in these risks during the year.

14. Comparative information:

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