

Financial Statements

**Calgary Health Trust**

March 31, 2018

# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of **Calgary Health Trust**,

We have audited the accompanying financial statements of **Calgary Health Trust**, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances, accumulated remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

## **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Calgary Health Trust** as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Calgary, Canada  
May 30, 2018

*Ernst & Young LLP*

Chartered Professional Accountants



## Calgary Health Trust

### STATEMENT OF FINANCIAL POSITION

As at March 31

|   | <u>2018</u>        | <u>2017</u>        |
|---|--------------------|--------------------|
|   | <u>\$</u>          | <u>\$</u>          |
| <b>ASSETS</b>   |                    |                    |
| Cash ( <i>note 3</i> )                                      | 84,200,797         | 67,256,440         |
| Amount receivable ( <i>note 4</i> )                         | 580,935            | 451,647            |
| Prepaid expenses ( <i>note 5</i> )                          | 575,126            | 582,140            |
| Portfolio investments, at market value ( <i>note 6</i> )    | 52,985,850         | 51,712,069         |
| Other assets ( <i>note 9</i> )                              | 1,654,053          | 1,367,126          |
|   | <u>139,996,761</u> | <u>121,369,422</u> |
| <b>LIABILITIES</b>  |                    |                    |
| Accounts payable and accrued liabilities ( <i>note 10</i> ) | 1,945,916          | 1,822,269          |
| Charitable disbursements payable ( <i>note 10</i> )         | 3,206,673          | 134,157            |
| Deferred revenue  | 13,294,473         | 12,977,204         |
|   | <u>18,447,062</u>  | <u>14,933,630</u>  |
| Commitments ( <i>note 9</i> )                               |                    |                    |
| <b>FUND BALANCES</b>  |                    |                    |
| Operating Fund  | 9,415,630          | 9,537,542          |
| Restricted Fund   | 82,496,118         | 67,127,936         |
| Endowment Fund ( <i>note 7</i> )                            | 30,281,369         | 29,753,937         |
|   | <u>122,193,117</u> | <u>106,419,415</u> |
| <b>Accumulated remeasurement (losses) gains</b>             | <u>(643,418)</u>   | <u>16,377</u>      |
|   | <u>139,996,761</u> | <u>121,369,422</u> |

See accompanying notes

On behalf of the Board:

(signed) "William G Sembo"  
 \_\_\_\_\_  
 William G Sembo  
 Board Chair  
 May 30, 2018

(signed) "Angela Butler"  
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 Angela Butler  
 Chair for the Finance & Audit Committee  
 May 30, 2018

## Calgary Health Trust

### STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended March 31

|  | Operating Fund   |                  | Restricted Fund   |                   | Endowment Fund    |                   | Total              |                    |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
|  | 2018             | 2017             | 2018              | 2017              | 2018              | 2017              | 2018               | 2017               |
|  | \$               | \$               | \$                | \$                | \$                | \$                | \$                 | \$                 |
| <b>Revenue</b>   |                  |                  |                   |                   |                   |                   |                    |                    |
| Donations  | 740,710          | 310,941          | 15,064,398        | 9,291,708         | 34,649            | 276,845           | 15,839,757         | 9,879,494          |
| Lotteries  | 709,777          | 843,941          | 23,765,413        | 23,541,437        | -                 | -                 | 24,475,190         | 24,385,378         |
| Events   | 99,040           | 27,332           | 4,487,993         | 3,725,303         | -                 | -                 | 4,587,033          | 3,752,635          |
|  | <b>1,549,527</b> | <b>1,182,214</b> | <b>43,317,804</b> | <b>36,558,448</b> | <b>34,649</b>     | <b>276,845</b>    | <b>44,901,980</b>  | <b>38,017,507</b>  |
| Grants - Alberta Health Services (note 10a)                            | 2,389,665        | 4,402,053        | -                 | -                 | -                 | -                 | 2,389,665          | 4,402,053          |
| Grants - Other Government  | 6,440            | 2,061            | 101,179           | 113,259           | -                 | -                 | 107,619            | 115,320            |
| Investment income (note 8)   | 1,467,942        | 1,422,363        | 983,104           | 1,697,963         | 196,438           | -                 | 2,647,484          | 3,120,326          |
|  | <b>5,413,574</b> | <b>7,008,691</b> | <b>44,402,087</b> | <b>38,369,670</b> | <b>231,087</b>    | <b>276,845</b>    | <b>50,046,748</b>  | <b>45,655,206</b>  |
| <b>Expenses</b>  |                  |                  |                   |                   |                   |                   |                    |                    |
| Operating (note 11)  | 5,236,477        | 5,672,324        | 273,584           | 224,631           | -                 | -                 | 5,510,061          | 5,896,955          |
| Lotteries  | -                | -                | 16,248,276        | 17,209,061        | -                 | -                 | 16,248,276         | 17,209,061         |
| Events   | -                | -                | 1,358,309         | 1,095,751         | -                 | -                 | 1,358,309          | 1,095,751          |
|  | <b>5,236,477</b> | <b>5,672,324</b> | <b>17,880,169</b> | <b>18,529,443</b> | <b>-</b>          | <b>-</b>          | <b>23,116,646</b>  | <b>24,201,767</b>  |
| <b>Excess of revenue over expenses before charitable disbursements</b> | <b>177,097</b>   | <b>1,336,367</b> | <b>26,521,918</b> | <b>19,840,227</b> | <b>231,087</b>    | <b>276,845</b>    | <b>26,930,102</b>  | <b>21,453,439</b>  |
| <b>Charitable disbursements</b>  |                  |                  |                   |                   |                   |                   |                    |                    |
| Alberta Health Services (note 10a)                                     | -                | -                | 6,399,108         | 7,054,609         | -                 | -                 | 6,399,108          | 7,054,609          |
| Return of disbursements (note 10a)                                     | -                | -                | (5,720)           | (2,720,779)       | -                 | -                 | (5,720)            | (2,720,779)        |
| University of Calgary (note 10b)                                       | -                | -                | 4,055,140         | 3,285,361         | -                 | -                 | 4,055,140          | 3,285,361          |
| Alberta Bone and Joint Health Institute                                | -                | -                | -                 | 44,851            | -                 | -                 | -                  | 44,851             |
| Prostate Cancer Centre   | -                | -                | 290,955           | 178,000           | -                 | -                 | 290,955            | 178,000            |
| Other organizations  | -                | -                | 416,917           | 412,447           | -                 | -                 | 416,917            | 412,447            |
|  | <b>-</b>         | <b>-</b>         | <b>11,156,400</b> | <b>8,254,489</b>  | <b>-</b>          | <b>-</b>          | <b>11,156,400</b>  | <b>8,254,489</b>   |
| <b>Excess of revenue over expenses and charitable disbursements</b>    | <b>177,097</b>   | <b>1,336,367</b> | <b>15,365,518</b> | <b>11,585,738</b> | <b>231,087</b>    | <b>276,845</b>    | <b>15,773,702</b>  | <b>13,198,950</b>  |
| Fund balances, beginning of year                                       | 9,537,542        | 8,578,063        | 67,127,936        | 55,745,374        | 29,753,937        | 28,897,028        | 106,419,415        | 93,220,465         |
| Inter-fund transfers (note 12)   | (299,009)        | (376,888)        | 2,664             | (203,176)         | 296,345           | 580,064           | -                  | -                  |
| <b>Fund balances, end of year</b>                                      | <b>9,415,630</b> | <b>9,537,542</b> | <b>82,496,118</b> | <b>67,127,936</b> | <b>30,281,369</b> | <b>29,753,937</b> | <b>122,193,117</b> | <b>106,419,415</b> |

See accompanying notes

**Calgary Health Trust**

**STATEMENT OF ACCUMULATED REMEASUREMENT GAINS AND LOSSES**

Year ended March 31

|  | <u>2018</u>      | <u>2017</u>        |
|--|------------------|--------------------|
|  | <u>\$</u>        | <u>\$</u>          |
| <b>Accumulated remeasurement gains (losses) at beginning of year</b> | <u>16,377</u>    | <u>(2,289,142)</u> |
| Unrealized (losses) gains attributable to:                           |                  |                    |
| Portfolio investments  | <b>(41,096)</b>  | 3,667,478          |
| Realized gains reclassified to the statement of operations:          |                  |                    |
| Portfolio investments  | <u>(618,699)</u> | <u>(1,361,959)</u> |
| Net remeasurement (losses) gains for the year                        | <u>(659,795)</u> | <u>2,305,519</u>   |
| <b>Accumulated remeasurement (losses) and gains at end of year</b>   | <u>(643,418)</u> | <u>16,377</u>      |

*See accompanying notes*

## Calgary Health Trust

### STATEMENT OF CASH FLOWS

Year ended March 31

|  | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
|  | <u>\$</u>           | <u>\$</u>           |
| <b>Operating transactions</b>                  |                     |                     |
| Cash received from:                            |                     |                     |
| Donations                                      | 15,930,327          | 9,974,156           |
| Events and lotteries                           | 29,207,363          | 29,525,698          |
|  | <u>45,137,690</u>   | <u>39,499,854</u>   |
| Cash paid for:                                 |                     |                     |
| Operating expenses                             | (3,152,002)         | (3,670,325)         |
| Events and lotteries                           | (17,688,404)        | (18,214,843)        |
| Charitable disbursements                       | (8,066,834)         | (8,913,069)         |
|  | <u>(28,907,240)</u> | <u>(30,798,237)</u> |
| <b>Cash provided by operating transactions</b> | <u>16,230,450</u>   | <u>8,701,617</u>    |
| <b>Investing transactions</b>                  |                     |                     |
| Investment income                              | 2,647,484           | 3,120,326           |
| Investments purchased, net                     | (1,933,577)         | (3,041,873)         |
| <b>Cash provided by investing transactions</b> | <u>713,907</u>      | <u>78,453</u>       |
| <b>Net increase in cash</b>                    | <u>16,944,357</u>   | <u>8,780,070</u>    |
| Cash beginning of year                         | <u>67,256,440</u>   | <u>58,476,370</u>   |
| <b>Cash end of year</b>                        | <u>84,200,797</u>   | <u>67,256,440</u>   |

*See accompanying notes*

## Calgary Health Trust

# NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 1. NATURE OF ORGANIZATION

Calgary Health Trust (the “Trust”) is a not-for-profit organization and a registered charity established under the *Income Tax Act* (Canada). It is a controlled entity of Alberta Health Services and subject to the provisions of the *Regional Health Authorities Act Foundations Regulation*.

The primary purpose of the Trust is to coordinate fundraising efforts for the benefit of health programs and other health initiatives within the Calgary area. The Trust also invests and manages designated endowment funds.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards (“PSAS”), which sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The Trust has chosen to use the standards for government not-for-profit organizations that include PSAS 4200 to 4270. The financial statements have been prepared based on the significant accounting policies summarized below:

#### a) Fund accounting

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

(i) *Operating Fund*

The Operating Fund accounts for the operating activities of the Trust.

(ii) *Restricted Fund*

The Restricted Fund accounts for donations and grants that are donor-designated for specified programs, sites and organizations. All funds held in the Restricted Fund are available to be disbursed for the designated charitable purpose.

(iii) *Endowment Fund*

The Endowment Fund accounts for donations and investment income that are to be held permanently by the Trust as directed by donors or the Board of Trustees.

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2018

**b) Cash**

Cash includes cash on hand. Cash held for investing activities by fund managers is included in investments.

**c) Financial instruments**

Investments have been categorized as fair value and are recorded at market value. The Trust's investments are held in investment pooled funds that are professionally managed in accordance with the Trust's investment policies.

Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Other financial instruments, including amounts receivable, accounts payable and accrued liabilities and charitable disbursements payable, are initially recorded at fair value and are subsequently measured at cost, net of any provisions for impairment.

The Trust measures the fair market value of its financial assets based on their classification in a hierarchy comprising three levels, described as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.



## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d) Other assets

Other assets consist of costs related to future fundraising events and lotteries. These costs are expensed when the fundraising events and lotteries are held. Other assets also consist of the cash surrender value of life insurance policies. The annual premiums are paid by donors. As the realizable amount of such policies in excess of the cash surrender value is not certain, the Trust will record the benefits in excess of the cash surrender value when the proceeds are known.

#### e) Deferred revenue

Revenue related to lotteries for which prize draws take place after March 31, and fundraising for events that will take place subsequent to the year-end are deferred. Deferred revenue will be recognized when the fundraising events and lotteries are held.

#### f) Revenue recognition

The Trust follows the restricted fund method of accounting for contributions. Grants, bequests and other donations are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Pledged donations are recorded in the year received, since pledges are not legally enforceable claims. Externally restricted contributions, except endowment contributions, are recognized as revenue of the Restricted Fund when received. Unrestricted contributions are recognized as revenue of the Operating Fund when received. Externally restricted endowment contributions are recognized as revenue of the Endowment Fund when received. Generally, 5% of restricted donations are allocated to the Operating Fund to assist with the operational costs of the Trust.

Investment income includes dividend, interest income, income distributions from pooled funds and realized gains or losses on the sale of investments. Unrealized gains and losses on investments are recognized in the statement of accumulated remeasurement gains and losses until the related investments are sold. Once realized, these gains or losses are recognized in the statement of operations. 1% of the Endowment Fund balance is recognized as investment income earned in the Operating Fund for administration fees and amounts that are available for disbursement allocation are recognized as revenue of the Restricted Fund. Unrestricted investment income earned on internally restricted Endowment Fund resources is recognized as revenue of the Operating Fund. Investment income that has been reinvested is recognized as revenue of the Endowment Fund. Unrestricted investment income earned on Endowment Fund, Restricted Fund and Operating Fund resources is recognized as revenue of the Operating Fund.

#### g) Contributed materials and services

Volunteers contribute a significant amount of time each year to assist the Trust in carrying out its activities; however, the value of volunteer time is not recognized in these financial statements because the fair market value cannot be reasonably determined. Donated supplies and gifts-in-kind are valued based on fair market value when it is reasonably determinable.

## Calgary Health Trust

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

#### 3. CASH

|                 | <u>2018</u>       | <u>2017</u>       |
|-----------------|-------------------|-------------------|
|                 | \$                | \$                |
| Operating Fund  | 6,799,392         | 7,684,281         |
| Restricted Fund | 77,114,032        | 59,570,497        |
| Endowment Fund  | 287,373           | 1,662             |
|                 | <u>84,200,797</u> | <u>67,256,440</u> |

Cash held in the Restricted Fund includes lottery proceeds from previous lotteries, lottery ticket sales from the current Foothills Hospital Home lottery, and funds awaiting disbursement. The Trust has received permission from AGLC to defer disbursement of \$22.6 million for projects that will not be completed before 2020. The amount of lottery in progress is \$10.9 million (2017 - \$10.7 million). \$42.0 million (2017 - \$32.0 million) is being held in high interest (2018 - 1%; 2017 - 1%) accounts pending investment in short-term instruments.

#### 4. AMOUNTS RECEIVABLE

|       | <u>2018</u>    | <u>2017</u>    |
|-------|----------------|----------------|
|       | \$             | \$             |
| GST   | 209,573        | 197,311        |
| Other | 371,362        | 254,336        |
|       | <u>580,935</u> | <u>451,647</u> |

#### 5. PREPAID EXPENSES

|                             | <u>2018</u>    | <u>2017</u>    |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| Lottery prizes and expenses | 340,610        | 263,075        |
| Prepaid contracts           | 234,516        | 319,065        |
|                             | <u>575,126</u> | <u>582,140</u> |

## Calgary Health Trust

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

#### 6. FINANCIAL INSTRUMENTS

The Trust's portfolio investments consist of the following categories:

|   | Market Value      |            |
|---|-------------------|------------|
|   | 2018              | 2017       |
|   | \$                | \$         |
| <b>Level 2</b>                          |                   |            |
| Jarislowsky Fraser Bond Pooled Fund     | <b>7,986,006</b>  | 7,883,919  |
| Jarislowsky Fraser Canadian Equity Fund | <b>15,631,543</b> | 15,603,902 |
| Jarislowsky Fraser Global Equity Fund   | <b>29,368,301</b> | 28,224,248 |
| <b>Total Level 2</b>                    | <b>52,985,850</b> | 51,712,069 |
| <b>Total Portfolio Investments</b>      | <b>52,985,850</b> | 51,712,069 |

The asset allocation of the Level 2 funds as at March 31, 2018 is as follows: Short-term 3.6% (2017 - 3.6%); bonds 33.7% (2017 - 32.8%); Canadian equities 41.0% (2017 - 42.2%); and non-Canadian equities 21.7% (2017 - 21.4%). During 2018, the portfolio investments earned a 2.5% (2017 - 10.7%) return.

There were no transfers of assets between Level 1, Level 2 and Level 3.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2018

### 6. FINANCIAL INSTRUMENTS (CONTINUED)

During the year, donations of securities received by the Trust were liquidated and the net proceeds were disbursed for charitable purposes or reinvested in professionally managed pooled funds.

Within the pooled funds, treasury bills, commercial paper, bankers' acceptances, and discount notes mature between six days and one year and bear interest at an average effective yield to maturity of 1.10% (2017 - 0.80%).

Publicly traded fixed income instruments in the funds are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints through the management of duration and issuer mix. The bonds held within the bond fund bear interest at an average effective yield to maturity of 2.62% (2017 - 3.20%).

Equity investments in the funds are managed with the objective of providing a diversified approach towards obtaining risk-adjusted returns through complete business cycles. Diversification is achieved through investing across an assortment of countries and sectors. The equity funds offer growth and, being long-term in nature, are ideal for protecting the Trust's investment capital from the effects of inflation.

Foreign securities are translated into Canadian dollars at the exchange rate in effect on the last day of the fiscal year.

#### **Foreign currency risk**

The Trust is exposed to foreign currency risk from possible negative fluctuations in foreign currency rates related to investments in foreign securities.

#### **Interest rate risk**

The Trust is exposed to interest rate risk from holding securities with a fixed rate of interest and a specified maturity date.

#### **Credit risk**

The Trust is exposed to credit risk in connection with its short-term and fixed income investments, because of the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation.

#### **Liquidity risk**

The Trust is exposed to liquidity risk in that it could encounter difficulty in meeting obligations associated with its financial liabilities.

#### **Other price risk**

The Trust is exposed to other price risk through changes in market prices, other than changes arising from interest rate risk or foreign currency risks, in connection with its investments in equity securities and pooled funds.

## Calgary Health Trust

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

#### 6. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency, credit risk and interest rate risk are managed by the Trust's investment policies and through the use of professional portfolio managers whose performance is reviewed regularly. Liquidity risk is managed by maintaining significant cash balances in excess of current obligations. Other price risk is managed by investing in funds professionally managed with significant diversification.

#### 7. ENDOWMENTS

Endowment net assets represent resources that are required by the donor or the Board of Trustees to be maintained by the Trust on a permanent basis.

Endowment net assets consist of the following:

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Externally restricted                          | 22,244,324        | 22,065,746        |
| Internally restricted by the Board of Trustees | 8,037,045         | 7,688,191         |
| Subtotal                                       | <u>30,281,369</u> | <u>29,753,937</u> |
| Accumulated rereasurement (losses) gains       | (368,763)         | 10,998            |
| Balance, end of year                           | <u>29,912,606</u> | <u>29,764,935</u> |

The Trust has a policy designed to protect the real value of endowments by limiting the amount of investment income made available for spending in the following year to the lower of the investment income earned or 5% of the ending endowment balance as at March 31, 2018 (2017 - December 31, 2016). Endowment Funds incur a 1% administration fee on the portfolio investment fund balance related to endowments, which is recorded in the Operating Fund. The balance remaining is reinvested, as are any funds not disbursed within the time frame allocated for spending. Reinvested investment income is recorded in the Endowment Fund.

In fiscal 2018, investment income on externally restricted endowment net assets was \$826,363 (2017 - \$1,191,056), which was recorded as revenue in the statement of operations. The amount of \$414,187 (2017 - \$970,317) was made available for spending and recorded in the Restricted Fund, and \$196,438 (2017 - nil) was reinvested into the Endowment Fund (*note 8*).

In fiscal 2018, investment income on internally restricted endowment net assets was \$287,569 (2017 - \$399,318). The amount of \$208,765 (2017 - \$322,407) was recorded as revenue in the Operating Fund in the statement of operations. An amount of \$110,635 (2017 - \$322,407) was inter-fund transferred to the Restricted Fund, representing the investment income made available for spending and \$98,130 was inter-fund transferred to the Endowment Fund (2017 - nil) representing the amount reinvested.

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

8. INVESTMENT INCOME ALLOCATION

Investment Income Allocation 2018

\$

|                                  | Investment<br>Income <sup>1</sup> | Internally<br>Restricted<br>Endowments | Restricted<br>Income<br>Allocation <sup>2</sup> | Restricted<br>Disbursement<br>Allocation | Administration<br>Fee | Total            |
|----------------------------------|-----------------------------------|--|---|--|-----------------------|------------------|
| Operating Fund                   | 160,797                           | 208,765                                | 731,015   | -  | 367,365               | 1,467,942        |
| Restricted Fund                  | 1,372,755                         | -                                      | (731,015)                                       | 414,187                                  | (72,823)              | 983,104          |
| Endowment Fund ( <i>note 7</i> ) | 1,113,932                         | (208,765)                              | -   | (414,187)                                | (294,542)             | 196,438          |
|                                  | <b>2,647,484</b>                  | <b>-</b>                               | <b>-</b>  | <b>-</b>                                 | <b>-</b>              | <b>2,647,484</b> |

Investment Income Allocation 2017

\$

|                                  | Investment<br>Income <sup>1</sup> | Internally<br>Restricted<br>Endowments | Restricted<br>Income<br>Allocation <sup>2</sup> | Restricted<br>Disbursement<br>Allocation | Administration<br>Fee | Total            |
|----------------------------------|-----------------------------------|--|---|--|-----------------------|------------------|
| Operating Fund                   | 158,742                           | 322,407                                | 560,296   | -  | 380,918               | 1,422,363        |
| Restricted Fund                  | 1,371,210                         | -                                      | (560,296)                                       | 970,317                                  | (83,268)              | 1,697,963        |
| Endowment Fund ( <i>note 7</i> ) | 1,590,374                         | (322,407)                              | -   | (970,317)                                | (297,650)             | -                |
|                                  | <b>3,120,326</b>                  | <b>-</b>                               | <b>-</b>  | <b>-</b>                                 | <b>-</b>              | <b>3,120,326</b> |

<sup>1</sup> Investment income in the year consists of interest and dividends of \$1,307,959 (2017 - \$1,288,030) and realized gains of \$618,699 (2017 - \$1,361,959), which were earned on the portfolio investments and \$720,826 (2017 - \$470,337) of interest earned on cash.

<sup>2</sup> Investment income earned on restricted investments that do not have an investment income allocation agreement is recognized in the Operating Fund.

## Calgary Health Trust

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

#### 8. INVESTMENT INCOME ALLOCATION (CONTINUED)

|                                     | <u>2018</u>      | <u>2017</u>      |
|-------------------------------------|------------------|------------------|
|                                     | \$               | \$               |
| Realized Investment Income          | <u>2,647,484</u> | 3,120,326        |
| Unrealized Investment (Loss) Income | <u>(659,795)</u> | <u>2,305,519</u> |
| Total Investment Income             | <u>1,987,689</u> | <u>5,425,845</u> |

#### 9. COMMITMENTS

Prior to March 31, 2018, the Trust committed to carrying out the 2018 Foothills Hospital Home Lottery. As at March 31, 2018, the lottery was in progress with deferred lottery costs of \$1,337,541 (2017 - \$1,084,414) recorded in other assets in the statement of financial position. In addition, as at March 31, 2018, the Trust has incurred expenses of \$1,239,603 (2017 - \$1,237,179) and is committed to additional expenses for prizes and lottery operational costs of \$9,173,650 (2017 - \$9,125,076) to complete the lottery in fiscal 2018/19.

## Calgary Health Trust

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

#### 10. RELATED PARTY TRANSACTIONS

The following amounts related to Alberta Health Services are included in the accompanying financial statements. The returned disbursements represent equipment purchases not completed or completed at less than quoted prices and programs that no longer exist for which the recipient is holding residual dollars to be returned to the Trust. As at March 31, 2018, there are accounts payable and accrued liabilities and charitable disbursements payable to Alberta Health Services totalling \$866,053 and \$3,206,673 (2017 - nil and \$134,157), respectively.

a)

|   | <u>2018</u>      | <u>2017</u>      |
|---|------------------|------------------|
|   | <u>\$</u>        | <u>\$</u>        |
| Grants received from Alberta Health Services for operating expenses |                  |                  |
| - Gifts-in-kind - Operating costs                                   | 2,000,000        | 4,012,388        |
| - Gifts-in-kind - Rent  | 389,665          | 389,665          |
| <b>Total grants received</b>  | <b>2,389,665</b> | <b>4,402,053</b> |
| Charitable disbursements to Alberta Health Services                 |                  |                  |
| - Cash  | 6,386,248        | 7,033,951        |
| - Gifts-in-kind   | 12,860           | 20,658           |
|   | <b>6,399,108</b> | <b>7,054,609</b> |
| - Return of disbursements   | (5,720)          | (2,720,779)      |
| <b>Total charitable disbursements</b>                               | <b>6,393,388</b> | <b>4,333,830</b> |

b) Joint fundraising initiative

During fiscal 2006, the Trust entered into an agreement with the University of Calgary and Alberta Health Services for a joint fundraising initiative called Reach! The agreement was made effective as of April 1, 2005 and was for a four year term to June 30, 2009. There are pledge commitments made to the Reach! campaign that extend to March 2018. The accompanying financial statements include pledged donation payments in the amount of \$99,766 (2017 - \$300,355) received by the Trust in support of this initiative. During the year, disbursements to the University of Calgary from the Reach! campaign totalled \$99,766 (2017 - \$300,355).



## Calgary Health Trust

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

#### 11. OPERATING EXPENSES

Operating and restricted expenses of the Trust consist of the following:

|  | <b>Operating</b> | <b>Restricted</b> | <b>2018</b>      | <b>2017</b> |
|--|------------------|-------------------|------------------|-------------|
|  | \$               | \$                | \$               | \$          |
| Fundraising and donor stewardship        | <b>4,273,455</b> | <b>273,584</b>    | <b>4,547,039</b> | 4,865,290   |
| Organizational and volunteer support     | <b>511,627</b>   | -                 | <b>511,627</b>   | 467,395     |
| Marketing and communications             | <b>245,793</b>   | -                 | <b>245,793</b>   | 341,384     |
| Investment management and custodial fees | <b>205,602</b>   | -                 | <b>205,602</b>   | 222,886     |
|  | <b>5,236,477</b> | <b>273,584</b>    | <b>5,510,061</b> | 5,896,955   |

#### 12. INTER-FUND TRANSFERS

Inter-fund transfers consist of reallocations requested by the contributors and approved by the Board in accordance with the approved policy. These transfers include allocations to the Endowment Fund from Restricted Funds for donors advising as to how funds are to be reinvested, from the Operating Fund for internally restricted reinvestments into the Endowment Fund and an annual allocation of lottery proceeds to the Endowment Fund.