

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**FINANCIAL STATEMENTS
MARCH 31, 2017**

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Box 10350, The Atrium Centre
Lloydminster, Alberta T9V 3A5
Phone: (780) 875-9144
Fax: (780) 875-6056
Email: wlsca@wlsca.com
Web: www.wlsca.com

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS LLOYDMINSTER REGION HEALTH FOUNDATION INC. LLOYDMINSTER, SASKATCHEWAN

We have audited the accompanying financial statements of Lloydminster Region Health Foundation Inc., which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in fund balances 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 generally accepted accounting principles 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.

Auditor's 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 an audit to obtain reasonable assurance whether the financial statements are free of 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 auditor's 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 auditor considers internal control 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, these financial statements present fairly, in all material respects, the statement of financial position of the Lloydminster Region Health Foundation Inc. as at March 31, 2017 and their results of operations and changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Wilkinson Livingston Stevens LLP

Lloydminster, Alberta
June 26, 2017

Chartered Accountants

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**STATEMENT OF FINANCIAL POSITION
MARCH 31, 2017**

	2017				2016
	General	Designated	Endowment	Total	Total
ASSETS					
Current Assets					
Cash	218,313	1,885	-	220,198	410,774
Accounts receivable	3,162	46,720	-	49,882	53,577
GST receivable	1,399	-	-	1,399	2,249
Inventory	26,667	-	-	26,667	23,432
Prepaid expenses	<u>33,386</u>	<u>-</u>	<u>-</u>	<u>33,386</u>	<u>24,913</u>
	282,927	48,605	-	331,532	514,945
Investments (Note 4)	840,057	-	2,371,938	3,211,995	3,784,422
Property, plant and equipment (Note 5)	25,371	-	-	25,371	36,026
Intangibles	<u>4,222</u>	<u>-</u>	<u>-</u>	<u>4,222</u>	<u>6,322</u>
	<u>\$ 1,152,577</u>	<u>\$ 48,605</u>	<u>\$ 2,371,938</u>	<u>\$ 3,573,120</u>	<u>\$ 4,341,715</u>
 LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable and accrued liabilities	24,013	34,737	-	58,750	104,288
Due to (from) other funds	1,298,009	(1,563,221)	265,212	-	-
Deferred revenues	<u>4,520</u>	<u>-</u>	<u>-</u>	<u>4,520</u>	<u>18,880</u>
	<u>1,326,542</u>	<u>(1,528,484)</u>	<u>265,212</u>	<u>63,270</u>	<u>123,168</u>
 Fund Balances (Page 4)	<u>(173,965)</u>	<u>1,577,089</u>	<u>2,106,726</u>	<u>3,509,850</u>	<u>4,218,547</u>
	<u>\$ 1,152,577</u>	<u>\$ 48,605</u>	<u>\$ 2,371,938</u>	<u>\$ 3,573,120</u>	<u>\$ 4,341,715</u>

Approved On Behalf Of The Board

Director

Director

Daniel H Howell,
[Signature]

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2017**

	2017			2016	
	General	Designated (Note 10)	Endowment (Note 11)	Total	Total
Revenue					
Donations	97,685	210,011	-	307,696	1,026,446
Investment income (loss) (Note 9)	125,730	-	172,300	298,030	(68,873)
Event and gaming revenue (Note 7)	37,394	310,745	-	348,139	391,869
Net income - gift shop (Page 12)	(22,371)	-	-	(22,371)	(28,806)
Other income	<u>8,820</u>	<u>-</u>	<u>-</u>	<u>8,820</u>	<u>31,213</u>
	<u>247,258</u>	<u>520,756</u>	<u>172,300</u>	<u>940,314</u>	<u>1,351,849</u>
Expenses					
Administration	137,840	4,110	-	141,950	191,043
Fundraising	111,258	-	-	111,258	157,791
Event and gaming costs (Note 7)	15,086	196,535	-	211,621	259,485
Salaries	<u>371,776</u>	<u>20,130</u>	<u>-</u>	<u>391,906</u>	<u>315,363</u>
	<u>635,960</u>	<u>220,775</u>	<u>-</u>	<u>856,735</u>	<u>923,682</u>
Excess (Deficiency) of Revenues Over Expenses before Grants	(388,702)	299,981	172,300	83,579	428,167
Grants to enhance healthcare (Note 8)	<u>66,074</u>	<u>699,972</u>	<u>26,230</u>	<u>792,276</u>	<u>2,361,947</u>
Excess (Deficiency) of Revenues Over Expenses	(454,776)	(399,991)	146,070	(708,697)	(1,933,780)
Fund Balances, beginning of year	249,740	1,988,346	1,980,461	4,218,547	6,152,327
Interfund Transfers (Note 12)	<u>31,071</u>	<u>(11,266)</u>	<u>(19,805)</u>	<u>-</u>	<u>-</u>
Fund Balances, end of year	\$ <u>(173,965)</u>	\$ <u>1,577,089</u>	\$ <u>2,106,726</u>	\$ <u>3,509,850</u>	\$ <u>4,218,547</u>

Refer to Notes 7 & 13 for contributed materials included in revenues and expenses

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017**

	2017	2016
Operating Activities		
Cash received from donations	292,452	1,013,469
Cash received from events and gaming	302,765	332,075
Investment income received	252,579	327,593
Cash received from gift shop sales	167,285	131,989
Cash received from other income	8,820	-
Cash paid for administration and fundraising expenses	(243,961)	(350,130)
Cash paid for granting	(825,349)	(2,581,993)
Cash paid for events and gaming	(181,124)	(206,286)
Cash paid for salaries and benefits	(391,906)	(316,592)
Cash paid for gift shop supplies and services	(125,351)	(82,330)
Cash paid for gift shop salaries and benefits	<u>(64,776)</u>	<u>(63,282)</u>
	<u>(808,566)</u>	<u>(1,795,487)</u>
Investing Activities		
Cash received for investments (net)	617,990	1,829,810
Purchase of property, plant and equipment	<u>-</u>	<u>(17,503)</u>
	<u>617,990</u>	<u>1,812,307</u>
Net Increase (Decrease) In Cash	(190,576)	16,820
Cash at beginning	<u>410,774</u>	<u>393,954</u>
Cash At End	<u><u>\$ 220,198</u></u>	<u><u>\$ 410,774</u></u>

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017

1. Purpose of the Organization

The Lloydminster Region Health Foundation Inc is an organization formed to enhance public healthcare in the community by generating and receiving donations

The Foundation was incorporated under the provisions of the Non-Profit Corporations Act (Saskatchewan) on November 8, 1983 as the Lloydminster Regional Hospital Foundation Inc Effective June 16, 1995, the Foundation changed its name to the Lloydminster Region Health Foundation Inc (the "Foundation") The Foundation was registered as an extra-provincial corporation in Alberta on September 2, 2007 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

2. Significant Accounting Policies

The financial statements have been prepared for management in accordance with Canadian accounting standards for not-for-profit organizations The precise determination of many assets and liabilities is dependent on future events As a result, the preparation of financial statements for a period involves the use of estimates and approximations The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below

Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions Funds are held in accordance with the objectives specified by the donors in accordance with directives issued by the Board Transfers between the funds are made when it is considered appropriate and authorized by the Board These interfund transfers are recorded in the Statement of Operations and Changes in Fund Balances

The General Fund accounts for the Foundation's general and unrestricted fundraising activities and reports resources which are not externally restricted

The Designated Fund reports amounts which are restricted externally by donors in support of community care, acute care, continuing care, and greatest needs

The Endowment Fund includes those funds where either donor or internal restrictions require that the principal be maintained by the Foundation in perpetuity Amounts specifically identified as endowments by donors are included in revenue and expenses of the Fund, and investment income earned is allocated in accordance with the Foundation's endowment policy, which is agreed to by the donors at the time the contribution is endowed

Inventories

Inventories are valued at the lower of cost or net realizable value as estimated by management Cost is determined by using a first in, first out method

Investments

The investments of the Foundation are recorded at market value Pooled funds and other investments are based on values reported by the external investment manager and fixed income investments are valued based on cost plus accrued income, which approximates fair value Investment income, which consists of interest, distributions from pooled funds and realized and unrealized gains and losses, is recorded as revenue in the Statement of Operations and Changes in Fund Balances

Investment income subject to donor restrictions stipulating that it be added to the principal amount of the endowment is recognized as revenue of the Endowment Fund Unrestricted investment income earned on Designated and General Fund resources is recognized as revenue of the General Fund

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

2. Significant Accounting Policies (con't)

Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful life of the assets. The annual rates of depreciation used are 10-50% on equipment and 20% on computer equipment, computer software and website.

Intangibles

Intangibles consist of brand imaging and are recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful life of the assets. The annual rate of depreciation used is 20%.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and grants payable.

Revenue recognition

Restricted contributions are recognized as revenue of the Designated and Endowment funds and unrestricted contributions are recognized as revenue of the General fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Event and gaming revenues are recognized in the fiscal year in which the program is concluded. Revenues are deferred for the following that take place subsequent to year end: lottery prize draws and events held.

Gift shop sales are recognized when goods are provided to the purchaser at the point of sale. Rental income on televisions and telephones is recognized as the service is provided. Lottery ticket sales are recognized as tickets are sold.

Due to (from) other funds

At certain points in time, the Foundation may have amounts owed between certain funds. These interfund balances are non-interest bearing and have no fixed terms of repayment.

Contributed Materials and Services

Contributed materials are recorded when a fair value can be reasonably estimated and when such materials are used in the normal course of operations and would otherwise have been purchased.

Volunteers contribute several hours per year to assist with the Foundation's fundraising activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

3. Financial Instruments

The Foundation is exposed to various risks through its financial instruments

Interest rate risk

Interest rate risk is the risk to the Foundation's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates See Note 4

Credit risk

The Foundation is exposed to credit risk on receivables from its customers and donors Credit risk is considered to be minimal due to the nature of the Foundation's operations

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due It stems from the possibility of a delay in realizing the fair value of financial instruments The Foundation manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash

4. Investments

	2017				2016
	General	Designated	Endowment	Total	Total
Investment portfolios	\$ <u>840,057</u>	\$ <u>-</u>	\$ <u>2,371,938</u>	\$ <u>3,211,995</u>	\$ <u>3,784,422</u>

The Foundation's investment portfolios are managed by an external professional investment manager, to which a quarterly management fee is paid, total fees for 2017 were \$18,866 (2016 - \$23,138) The current average fee rate for 2017 was 0.54% (2016 - 0.47%) The portfolio is invested as follows GIC's - 18.4%, fixed income mutual funds 35.7% and equity pooled funds 45.9%

5. Property, Plant and Equipment

	2017			2016
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	90,472	80,804	9,668	16,611
Computer equipment	6,553	6,553	-	-
Computer software	78,383	78,383	-	-
Website	11,662	6,997	4,665	6,997
Leasehold Improvements	<u>13,798</u>	<u>2,760</u>	<u>11,038</u>	<u>12,418</u>
	\$ <u>200,868</u>	\$ <u>175,497</u>	\$ <u>25,371</u>	\$ <u>36,026</u>
Depreciation charged to operations			\$ <u>10,655</u>	\$ <u>10,655</u>

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

6. Grants Payable

Grants and grants payable are recorded when the grant is awarded and approved by the Board. Payments made against these amounts are based on invoices received.

Grants payable outstanding at year end are \$0 (2016 - \$0)

7. Events and Gaming Revenue

	2017			2016		
	Revenue	Expense	Net	Revenue	Expense	Net
<u>Events:</u>						
Gala	259,779	(153,207)	106,572	242,022	(184,874)	57,148
Muck Run	37,394	(15,086)	22,308	47,224	(19,626)	27,598
Men's Night	-	-	-	3,552	(5,410)	(1,858)
Investors Group Golf	-	-	-	57,291	(31,076)	26,215
Clara Hughes - Mental Health (Note 1)	2,114	(28,842)	(26,728)	-	-	-
Ladies Night	-	-	-	23,880	(14,714)	9,166
Walk with Dustin Golf	<u>9,841</u>	<u>(3,311)</u>	<u>6,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>309,128</u>	<u>(200,446)</u>	<u>108,682</u>	<u>373,969</u>	<u>(255,700)</u>	<u>118,269</u>
<u>Gaming:</u>						
Gala Worth a Mint Lottery	20,100	(5,249)	14,851	17,900	(3,785)	14,115
Pioneer House Raffle	12,561	(4,747)	7,814	-	-	-
NHL Heritage Classic Raffle	<u>6,350</u>	<u>(1,179)</u>	<u>5,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>39,011</u>	<u>(11,175)</u>	<u>27,836</u>	<u>17,900</u>	<u>(3,785)</u>	<u>14,115</u>
	<u>\$ 348,139</u>	<u>\$ (211,621)</u>	<u>\$ 136,518</u>	<u>\$ 391,869</u>	<u>\$ (259,485)</u>	<u>\$ 132,384</u>

Note 1: Previously received funds were designated for this event from the Investors Group Golf. Designated funds were utilized to cover speaker fees.

Included in event and gaming revenue and expenses are Gala and Muck Run gift-in-kind amounts of \$34,397 (2016 - \$53,199).

8. Grants to Enhance Healthcare

The classification of significant amounts granted is as follows:

	2017				2016
	General	Designated	Endowment	Total	Total
Community Care	31,141	26,459	25,210	82,810	725,295
Acute Care	2,848	363,812	-	366,660	976,771
Continuing Care	1,234	300,920	-	302,154	627,316
Greatest Needs	<u>30,851</u>	<u>8,781</u>	<u>1,020</u>	<u>40,652</u>	<u>32,565</u>
	<u>\$ 66,074</u>	<u>\$ 699,972</u>	<u>\$ 26,230</u>	<u>\$ 792,276</u>	<u>\$ 2,361,947</u>

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

9. Investment Income

Investment income earned on the Foundation's assets consists of the following

	2017				2016
	General	Designated	Endowment	Total	Total
Interest and dividends	37,035	-	49,194	86,229	145,352
Realized gains (losses)	69,615	-	96,623	166,238	182,165
Net change in unrealized gain (losses) on investments	<u>19,080</u>	<u>-</u>	<u>26,483</u>	<u>45,563</u>	<u>(396,390)</u>
	<u>\$ 125,730</u>	<u>\$ -</u>	<u>\$ 172,300</u>	<u>\$ 298,030</u>	<u>\$ (68,873)</u>

10. Designated Fund

The Designated Fund consists of funds available for spending that are restricted by donors for the following purposes

	2017	2016
Community Care	209,800	47,647
Acute Care	920,773	1,334,878
Continuing Care	443,761	586,080
Greatest Needs	<u>2,755</u>	<u>19,741</u>
	<u>\$ 1,577,089</u>	<u>\$ 1,988,346</u>

11. Endowment Fund

The Endowment Fund consists of externally restricted contributions received by the Foundation and internal resources transferred by the Board to the Endowment Fund

	2017	2016
Internally imposed endowments approved by Board		
Goodfellow education, the income from which must be used for student nursing scholarships	733,809	695,906
Goodfellow general, the income from which must be used for emerging needs	600,233	560,916
Hugh Stevens, the income from which must be used for innovation and technology	<u>664,030</u>	<u>619,481</u>
	1,998,072	1,876,303
Externally imposed endowments		
Pat Redden, the income from which must be used for nursing scholarships	<u>108,654</u>	<u>104,158</u>
	<u>\$ 2,106,726</u>	<u>\$ 1,980,461</u>

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

12. Interfund Transfers

Transfers between funds consist of the following

	<u>2017</u>				<u>2016</u>
	General	Designated	Endowment	Total	Total
Administration charges	19,805	-	(19,805)	-	-
Event proceeds	15,487	(15,487)	-	-	-
Project reallocation	<u>(4,221)</u>	<u>4,221</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>31,071</u>	\$ <u>(11,266)</u>	\$ <u>(19,805)</u>	\$ <u>-</u>	\$ <u>-</u>

In 2017, the Board approved the above noted transfers

13. Contributed Materials

Included in the financial statements are gift in kind contributions in the amount of \$49,641 (2016 - \$78,176). Of this amount, \$34,397 (2016 - \$53,199) is included in the event and gaming revenue related to the Gala and Muck Run. Media gift in kind contributions totaled \$6,298 (2016 - \$6,590) and represents newspaper and radio advertising. Other gift in kind amounts included in donation revenue totaled \$8,946 (2016 - \$18,387) and represent items donated for various projects.

It is the Board's policy to immediately dispose of securities donated to the Foundation. As a result, gains and losses on such disposals are not reflective of the Board's management and stewardship of these investments. As such, the statement of cash flows reflects these proceeds on disposal as cash received from donations rather than investing activities.

14. Comparative Amounts

Certain 2016 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

15. Subsequent Events

Effective April 1, 2017, the Foundation will be assessing a recovery of fundraising and operational costs fee of 7% on designated and/or endowment donations received on or after April 1, 2017 (up to a maximum of \$5,000 per donation), 15% on net revenues from events where proceeds are to be transferred to a designated or endowment account, and 1.5% on the balance in the capital account of each endowment at statement date. This will impact the allocation of revenues between funds. Recovery of fundraising and operational costs fees are a common industry practice.

LLOYDMINSTER REGION HEALTH FOUNDATION INC.

**SCHEDULE OF GIFT SHOP OPERATIONS
YEAR ENDED MARCH 31, 2017**

	2017	2016
Sales	167,672	130,981
Cost of Sales	<u>109,375</u>	<u>77,007</u>
Gross margin	<u>58,297</u>	<u>53,974</u>
Operating Expenses		
Depreciation	8,323	8,323
Interest and bank charges	1,467	1,301
Marketing	1,870	973
Postage and office supplies	844	1,799
Professional fees	-	441
Repairs and maintenance	3,499	6,837
Salaries	<u>64,776</u>	<u>63,282</u>
	<u>80,779</u>	<u>82,956</u>
Operating Income	(22,482)	(28,982)
Other Income		
Interest	<u>111</u>	<u>176</u>
Net Income	<u>\$ (22,371)</u>	<u>\$ (28,806)</u>