

Financial Statements

Calgary Health Trust

March 31, 2021

Independent auditor's report

To the Board of Trustees of
Calgary Health Trust

Opinion

We have audited the accompanying financial statements of **Calgary Health Trust** [the "Trust"], which comprise the statement of financial position as at March 31, 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 report. We are independent of the Trust 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 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.

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 these 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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust 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.

We 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.

Calgary, Canada
May 26, 2021

Ernst & Young LLP

Chartered Professional Accountants



Calgary Health Trust

STATEMENT OF FINANCIAL POSITION

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
ASSETS		
Cash (note 3)	78,214,326	73,864,791
Accounts receivable (note 4)	581,186	741,457
Prepaid expenses (note 5)	1,513,632	768,905
Portfolio investments, at market value (note 6)	91,737,058	74,453,110
Other assets	2,353,970	1,215,658
	<u>174,400,172</u>	<u>151,043,921</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 10)	2,352,356	2,208,776
Charitable disbursements payable (note 10)	3,089,855	8,033,010
Deferred revenue	19,603,646	11,010,531
	<u>25,045,857</u>	<u>21,252,317</u>
Commitments (note 9)		
FUND BALANCES		
Operating Fund	14,851,039	12,811,335
Restricted Fund	95,447,123	91,350,299
Endowment Fund (note 7)	31,289,150	32,029,363
	<u>141,587,312</u>	<u>136,190,997</u>
Accumulated remeasurement gains (losses)	<u>7,767,003</u>	<u>(6,399,393)</u>
	<u>174,400,172</u>	<u>151,043,921</u>

See accompanying notes

On behalf of the Board:

Signed "Sandy Edmonstone"

Director

Signed "Dan Silvester"

Director

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended March 31

	Operating Fund		Restricted Fund		Endowment Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Donations	1,866,824	1,808,105	6,324,630	10,677,712	50,350	50,500	8,241,804	12,536,317
Lotteries	1,121,318	1,108,041	31,083,122	28,085,508	-	-	32,204,440	29,193,549
Events	16,998	50,083	364,525	1,665,712	-	-	381,523	1,715,795
	3,005,140	2,966,229	37,772,277	40,428,932	50,350	50,500	40,827,767	43,445,661
Grants - Alberta Health Services <i>(note 10a)</i>	420,164	2,416,464	-	-	-	-	420,164	2,416,464
Grants - Other Government	11,785	15,260	-	-	-	-	11,785	15,260
Investment income <i>(note 8)</i>	2,259,457	2,547,141	1,289,703	1,479,655	-	603,414	3,549,160	4,630,210
	5,696,546	7,945,094	39,061,980	41,908,587	50,350	653,914	44,808,876	50,507,595
Expenses								
Operating <i>(note 11)</i>	3,399,639	5,528,499	3,524,463	600,111	-	-	6,924,102	6,128,610
Lotteries	-	-	18,375,168	17,891,823	-	-	18,375,168	17,891,823
Events	-	-	6,517	357,977	-	-	6,517	357,977
	3,399,639	5,528,499	21,906,148	18,849,911	-	-	25,305,787	24,378,410
Excess of revenue over expenses before charitable disbursements	2,296,907	2,416,595	17,155,832	23,058,676	50,350	653,914	19,503,089	26,129,185
Charitable disbursements								
Alberta Health Services <i>(note 10a)</i>	-	-	10,606,428	18,253,730	-	-	10,606,428	18,253,730
University of Calgary	-	-	3,350,459	3,272,505	-	-	3,350,459	3,272,505
Other organizations	-	-	149,887	128,325	-	-	149,887	128,325
	-	-	14,106,774	21,654,560	-	-	14,106,774	21,654,560
Excess of revenue over expenses and charitable disbursements	2,296,907	2,416,595	3,049,058	1,404,116	50,350	653,914	5,396,315	4,474,625
Fund balances, beginning of year	12,811,335	10,675,653	91,350,299	90,134,885	32,029,363	30,905,834	136,190,997	131,716,372
Inter-fund transfers <i>(note 13)</i>	(257,203)	(280,913)	1,047,766	(188,702)	(790,563)	469,615	-	-
Fund balances, end of year	14,851,039	12,811,335	95,447,123	91,350,299	31,289,150	32,029,363	141,587,312	136,190,997

See accompanying notes

STATEMENT OF ACCUMULATED REMEASUREMENT GAINS AND LOSSES

Year ended March 31

	2021	2020
	\$	\$
Accumulated remeasurement (losses) gains at beginning of year	(6,399,393)	235,011
Unrealized gains (losses) attributable to:		
Portfolio investments	15,253,499	(5,556,899)
Less realized gains reclassified to the statement of operations:		
Portfolio investments	(1,087,103)	(1,077,505)
Net remeasurement gains (losses) for the year	14,166,396	(6,634,404)
Accumulated remeasurement gains (losses) at end of year	7,767,003	(6,399,393)

See accompanying notes

Calgary Health Trust

STATEMENT OF CASH FLOWS

Year ended March 31

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Operating transactions		
Cash received from:		
Operating grants	21,785	2,050,260
Donations	7,711,414	12,357,583
Events and lotteries	41,339,347	30,743,288
	<u>49,072,546</u>	<u>45,151,131</u>
Cash paid for:		
Operating expenses	(7,108,843)	(6,190,651)
Events and lotteries	(19,519,997)	(18,268,898)
Charitable disbursements	(18,525,779)	(17,138,897)
	<u>(45,154,619)</u>	<u>(41,598,446)</u>
Cash provided by operating transactions	<u>3,917,927</u>	<u>3,552,685</u>
Investing transactions		
Investment income	3,549,160	4,630,210
Investments purchased, net	(3,117,552)	(5,132,940)
Cash provided by (used in) investing transactions	<u>431,608</u>	<u>(502,730)</u>
Net increase in cash	4,349,535	3,049,955
Cash beginning of year	<u>73,864,791</u>	<u>70,814,836</u>
Cash end of year	<u>78,214,326</u>	<u>73,864,791</u>

See accompanying notes

Calgary Health Trust

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. NATURE OF ORGANIZATION

Calgary Health Trust (CHT) 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*. As of November 1, 2020, CHT began operating under the name Calgary Health Foundation (CHF). The legal name of CHT is in the process of being changed to Calgary Health Foundation.

The primary purpose of CHT is to coordinate fundraising efforts for the benefit of health programs and other health initiatives within the Calgary area. CHT 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. CHT 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 CHT have been classified into the following funds:

(i) *Operating Fund*

The Operating Fund accounts for the operating activities of CHT.

(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 CHT as directed by donors or the Board of Trustees.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. CHT's investments are held in investment pooled funds that are professionally managed and index funds in accordance with CHT's investment policies.

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

Other financial instruments, including accounts 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.

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

1. Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets;
2. 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
3. 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, 2021

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, CHT records 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 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

CHT follows the restricted fund method of accounting for contributions. Grants, bequests and other donations are recorded when received or receivable, if the amounts 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 CHT.

Investment income includes dividend and interest income, income distributions from pooled funds and realized gains or losses arising from 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 CHT 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, 2021

3. CASH

	<u>2021</u>	<u>2020</u>
	\$	\$
Operating Fund	6,300,643	6,483,892
Restricted Fund	71,863,333	67,380,899
Endowment Fund	50,350	-
	<u>78,214,326</u>	<u>73,864,791</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 amount of cash associated with lotteries in progress is \$16.9 million (2020 - \$9.3 million). In addition, CHT holds \$13.7 million (2020 - \$22.6 million) in high interest (2021 – 0.65 %; 2020 – 1.44%) accounts pending investment in accordance with CHT’s investment policies.

4. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
	\$	\$
Events & Lotteries	295,896	533,688
GST	225,382	207,769
Other	59,908	-
	<u>581,186</u>	<u>741,457</u>

5. PREPAID EXPENSES

	<u>2021</u>	<u>2020</u>
	\$	\$
Lottery prizes and expenses	1,144,789	537,004
Prepaid contracts	368,843	231,901
	<u>1,513,632</u>	<u>768,905</u>

Calgary Health Trust

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

6. FINANCIAL INSTRUMENTS

CHT's portfolio investments consist of the following categories:

	Market Value	
	2021 \$	2020 \$
Level 1		
Cash & Cash Equivalents	350,182	848,616
Core Canadian Short Term Bond Index	10,462,500	10,055,278
S&P/TSX 60 Index	7,769,100	8,454,110
Ishares Core S&P 500 Index ETF	2,357,300	-
Ishares MSCI EAFE Index	2,322,400	-
Total Level 1	23,261,482	19,358,004
Level 2		
Jarislowsky Fraser Bond Pooled Fund	9,351,926	9,007,570
Jarislowsky Fraser Canadian Equity Fund	19,069,457	13,210,120
Jarislowsky Fraser Global Equity Fund	40,054,193	32,877,416
Total Level 2	68,475,576	55,095,106
Total Portfolio Investments	91,737,058	74,453,110

The asset allocation of the Level 2 funds as at March 31, 2021 is as follows: Short-term 2.0% (2020 - 3.8%); bonds 32.0% (2020 - 37.9%); Canadian equities 41.3% (2020 - 35.4%); and non-Canadian equities 24.7% (2020 - 22.9%). During 2021, Level 1 and Level 2 investment returns were 18.29% (2020 - negative 4.2%) and 22.47% (2020 - negative 4.5%), respectively.

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

6. FINANCIAL INSTRUMENTS (CONTINUED)

During the year, donations of securities received by CHT were liquidated and the net proceeds were disbursed for charitable purposes or reinvested in professionally managed pooled funds or exchange traded 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 0.15% (2020 – 0.88%).

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 1.67% (2020 – 2.20%).

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 CHT'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

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

Interest rate risk

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

Credit risk

CHT 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

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

Other price risk

CHT 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, 2021

6. FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency, credit risk and interest rate risk are managed in accordance with CHT'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 CHT on a permanent basis.

Endowment net assets consist of the following:

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Externally restricted	22,881,893	23,371,790
Internally restricted by the Board of Trustees	8,407,257	8,657,573
Balance, end of year, before accumulated remeasurement gains (losses)	31,289,150	32,029,363
Accumulated remeasurement gains (losses)	3,222,168	(3,186,430)
Balance, end of year	34,511,318	28,842,933

CHT 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. 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 2021, investment income on externally restricted endowment net assets was \$952,106 (2020 - \$1,033,507) and was recorded as revenue in the statement of operations. The amount of \$704,126 (2020 - \$224,952) was made available for spending and recorded in the Restricted Fund, and nil (2020 - \$603,414) was reinvested into the Endowment Fund (*note 8*).

In fiscal 2021, investment income on internally restricted endowment net assets was \$354,179 (2020 - \$382,366) and was recorded as revenue in the statement of operations. The amount of \$256,983 was inter-fund (2020 - nil) to the Restricted Fund, representing the investment income made available for spending, and nil was inter-fund transferred to the Endowment Fund (2020 - \$302,806) representing the amount reinvested.

Calgary Health Trust

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

8. INVESTMENT INCOME ALLOCATION

Investment Income Allocation 2021

\$

	Investment Income ¹	Internally Restricted Endowments	Restricted Income Allocation ²	Restricted Disbursement Allocation	Administration Fee	Total
Operating Fund	254,447	256,983	1,344,354	-	403,673	2,259,457
Restricted Fund	1,988,428	-	(1,344,354)	704,126	(58,497)	1,289,703
Endowment Fund (<i>note 7</i>)	1,306,285	(256,983)	-	(704,126)	(345,176)	-
	3,549,160	-	-	-	-	3,549,160

Investment Income Allocation 2020

\$

	Investment Income ¹	Internally Restricted Endowments	Restricted Income Allocation ²	Restricted Disbursement Allocation	Administration Fee	Total
Operating Fund	318,719	302,806	1,594,993	-	330,623	2,547,141
Restricted Fund	2,895,618	-	(1,594,993)	224,952	(45,922)	1,479,655
Endowment Fund (<i>note 7</i>)	1,415,873	(302,806)	-	(224,952)	(284,701)	603,414
	4,630,210	-	-	-	-	4,630,210

¹ Investment income in the year consists of interest and dividends of \$1,932,148 (2020 - \$2,102,396) and realized gains of \$1,087,103 (2020 - \$1,077,505), that were earned on the portfolio investments and \$529,909 (2020 - \$1,450,309) of interest earned on cash.

² 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, 2021

8. INVESTMENT INCOME ALLOCATION (CONTINUED)

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Realized Investment Income	3,549,160	4,630,210
Unrealized Investment Income (Loss)	14,166,396	(6,634,404)
Total Investment Income	17,715,556	(2,004,194)

9. COMMITMENTS

As at March 31, 2021, CHT had committed to purchasing prizes for the 2021 Foothills Hospital Home Lottery and Hospital Home Lottery totaling \$5.9 million (2020-\$6.2million) and \$3.3 million (2020-\$3.2 million), respectively. These lotteries will be completed in fiscal 2022. CHT had also committed to purchasing prizes for the 2022 Foothills Hospital Home Lottery totaling \$2.7 million (2020 – nil). This lottery will be completed in fiscal 2023.

Calgary Health Trust

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

10. RELATED PARTY TRANSACTIONS

The following amounts related to Alberta Health Services are included in the accompanying financial statements. As at March 31, 2021, there are accounts payable and accrued liabilities and charitable disbursements payable to Alberta Health Services totalling \$764,723 and \$2,900,247 (2020 - \$1,555,746 and \$8,018,399), respectively.

a)

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Grants received from Alberta Health Services for operating expenses		
- Cash – Operating costs	10,000	2,035,000
- Gifts-in-kind - Rent	410,164	381,464
Total grants received	<u>420,164</u>	<u>2,416,464</u>
Charitable disbursements to Alberta Health Services		
- Cash	10,082,278	18,080,927
- Gifts-in-kind	524,150	172,803
Total charitable disbursements	<u>10,606,428</u>	<u>18,253,730</u>

b) Board of Trustees

During the year CHT purchased two homes totalling \$5.2 million (2020 - \$5.2 million) which were awarded as prizes in the Foothills Hospital Home Lottery and Hospital Home Lottery programs. A member of CHT's board of directors is a senior executive of the company that built and sold the homes to CHT.

Calgary Health Trust

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

11. OPERATING EXPENSES

Operating and restricted expenses of CHT consist of the following:

	Operating	Restricted	2021	2020
	\$	\$	\$	\$
Fundraising and donor stewardship	1,635,023	3,518,507	5,153,530	4,907,689
Organizational and volunteer support	657,156	-	657,156	552,779
Marketing and communications	866,460	-	866,460	437,880
Investment management and custodial fees	241,000	5,956	246,956	230,262
	3,399,639	3,524,463	6,924,102	6,128,610

12. FUNDRAISING EXPENSES

Section 7(2) of the Charitable Fundraising Act Regulation of Alberta requires CHT to disclose the expenses incurred for the purposes of soliciting donations. In fiscal 2021 these costs were \$3.6 million (2020 - \$3.3 million), which includes \$1.6 million (2020 - \$1.4 million) incurred in respect of CHT employees whose principal duty is fundraising. These costs are recognized as part of CHT's operating costs.

13. 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.