STURGEON COMMUNITY HOSPITAL FOUNDATION

Financial Statements

Year Ended March 31, 2026

STURGEON COMMUNITY HOSPITAL FOUNDATION
Index to Financial Statements
Year Ended March 31, 2026

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June 29, 2026
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Sturgeon Community Hospital Foundation

Qualified Opinion

We have audited the financial statements of Sturgeon Community Hospital Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2026, and the statements of operations and changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2026, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2026, current assets and fund balances as at March 31, 2026. Our audit opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation of scope.

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 Foundation in accordance with 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 qualified audit 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 ASNPO, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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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 qualified audit 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 Foundation'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 Foundation'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 Foundation 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.

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.

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

STURGEON COMMUNITY HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 2,286,872**	$ 1,778,488
Accounts receivable	**2,983**	2,394
Goods and Services Tax recoverable	**8,925**	9,654
Prepaid expenses and deposits	**60,085**	56,388
	2,358,865	1,846,924
PORTFOLIO INVESTMENTS *(Note 3)*	**9,259,511**	7,499,441
EQUIPMENT *(Note 4)*	**55,582**	63,076
	$ 11,673,958	$ 9,409,441
LIABILITIES AND FUND BALANCES		
CURRENT		
Accounts payable and accrued liabilities *(Note 7)*	**$ 120,627**	$ 94,249
FUND BALANCES		
Endowment fund *(Note 5)*	**1,050,239**	1,044,355
Externally restricted fund *(Note 5)*	**7,376,915**	6,743,907
Unrestricted fund	**3,126,177**	1,526,930
	11,553,331	9,315,192
	$ 11,673,958	$ 9,409,441

ON BEHALF OF THE BOARD

Terry Wainman _Director_

K Black _Director_

See notes to financial statements

STURGEON COMMUNITY HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year Ended March 31, 2026

	Endowment Fund	*Externally Restricted Fund*	*Unrestricted Fund*	**2026**	2025
REVENUES					
Fundraising *(Note 7)*	$ -	$ 1,033,530	$ 1,184,726	**$ 2,218,256**	$ 2,127,650
Bequests and other contributions	-	-	1,229,336	**1,229,336**	268,212
Investment income *(Note 6)*	5,884	137,112	424,178	**567,174**	722,536
Gifts in kind	-	-	26,705	**26,705**	16,868
	5,884	1,170,642	2,864,945	**4,041,471**	3,135,266
EXPENDITURES					
Fundraising	-	110,114	629,239	**739,353**	589,489
Salaries and benefits *(Notes 7, 8, 9)*	-	-	373,561	**373,561**	352,843
Supplies and services	-	-	183,418	**183,418**	169,272
Amortization	-	-	7,494	**7,494**	7,492
	-	110,114	1,193,712	**1,303,826**	1,119,096
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	5,884	1,060,528	1,671,233	**2,737,645**	2,016,170
Distribution to Alberta Health Services *(Note 7)*	-	427,520	71,986	**499,506**	1,432,779
NET EXCESS OF REVENUES OVER EXPENDITURES	5,884	633,008	1,599,247	**2,238,139**	583,391
FUND BALANCES - BEGINNING OF YEAR	1,044,355	6,743,907	1,526,930	**9,315,192**	8,731,801
FUND BALANCES - END OF YEAR	$ 1,050,239	$ 7,376,915	$ 3,126,177	**$ 11,553,331**	$ 9,315,192

See notes to financial statements

STURGEON COMMUNITY HOSPITAL FOUNDATION

Statement of Cash Flow

Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Cash receipts	**$ 3,447,732**	$ 2,405,641
Investment income	**59,050**	67,195
Cash paid to suppliers and employees	**(1,246,946)**	(1,125,322)
Disbursements	**(499,506)**	(1,432,779)
Cash flow from (used by) operating activities	**1,760,330**	(85,265)
INVESTING ACTIVITIES		
Purchase of portfolio investments	**(1,300,000)**	-
Redemption of portfolio investments	**48,054**	44,525
Cash flow from (used by) investing activities	**(1,251,946)**	44,525
INCREASE (DECREASE) IN CASH	**508,384**	(40,740)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**1,778,488**	1,819,228
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 2,286,872**	$ 1,778,488

Unrealized loss of $388,932 (2025 - gain of $41,654) and reinvested income of $897,056 (2025 - $613,688) have been excluded from the Statement of Cash Flow as they did not include the use of cash and cash equivalents.

See notes to financial statements

1. PURPOSE OF THE FOUNDATION

Sturgeon Community Hospital Foundation (the "Foundation") is a registered public charity under the Income Tax Act (Canada) and operates under the Regional Health Authorities Foundations Regulation (Alberta Regulation 16/95). As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Foundation provides donations of money and services to Alberta Health Services ("AHS") for use at the Sturgeon Community Hospital (the "Hospital") to the extent that these funds are not available from other sources. These funds are used to enhance family care, purchase leading edge medical equipment, support further innovation, and provide on-site and community education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CPA Canada Handbook. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Fund accounting

Sturgeon Community Hospital Foundation applies the fund accounting method for financial statements presentation. These financial statements include the following funds:

a) The Endowment Fund consists of principal donations to be held in perpetuity and investment income which is required to be added to principal to maintain the fund's ongoing purchasing power, by the terms of specific endowments.
b) The Externally Restricted Fund consists of funds and related investment income upon which restrictions have been imposed by third parties.
c) The Unrestricted Fund consists of donations and investment income upon which no restrictions have been imposed by the donors or the Board of Trustees (the "Board"). These funds are managed in accordance with general Board policies.
d) Transfers between funds and classification adjustments reflect updates or changes to how grants from a fund are managed. This may be a result of managing the terms of fund agreements, changes to fund agreements or reinterpretation of fund agreements.

Revenue recognition

Sturgeon Community Hospital Foundation follows the restricted fund method of accounting for contributions and revenue is recognized as follows:

a) 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.
b) 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.
c) Fundraising revenue from special events is recognized as of the date of the event and when collection is reasonably assured.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

   d) Contributions for endowment are recognized as revenue in the Endowment Fund.

   e) Investment income earned on endowment funds that must be added to the principal and maintained permanently, in accordance with donor stipulations, is recognized as revenue of the endowment fund. Investment income earned on endowment funds and on externally restricted funds that must be used in accordance with the conditions imposed by the donor is recognized as revenue of the externally restricted fund. Unrestricted investment income earned on endowment funds and on externally restricted funds is recognized as revenue of the unrestricted fund.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit adjusted for any outstanding deposits and payments.

Included in cash and cash equivalents is $222,402 (2025 - $201,039) in gaming proceeds, which can only be used in accordance with a licensing agreement with the Alberta Gaming, Liquor, and Cannabis Commission (AGLC).

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life of ten years on a straight-line basis.

In the year of purchase, amortization on equipment is pro-rated based on the available for use date.

Equipment acquired during the year but not available for use are not amortized until they are available for use.

Financial instruments

All arm's length financial instruments are initially measured at fair value. The company subsequently measures its arm's length financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

Related party financial instruments with repayment terms are measured at cost, which is equal to the undiscounted cash flows received, or expected to be received, not including expected interest and dividends, less any previously recognized impairment losses.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The following amounts are subject to measurement uncertainty: allocation of investment income, collectability of accounts receivable, accrual of liabilities and useful life of equipment. These estimates are periodically reviewed and any necessary adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed materials and services

Contributed materials and services are recorded at fair market value as gifts-in-kind when they would have otherwise been purchased and when a fair market value can be reasonably estimated. Contributed services of volunteers are not recognized in these financial statements as their fair market value cannot be reasonably determined.

3. PORTFOLIO INVESTMENTS

	2026	2025
Balanced pooled fund	**$ 7,483,941**	$ 6,983,017
Canadian money market fund	**455,079**	342,361
Canadian bond pooled fund	**1,320,491**	174,063
	$ 9,259,511	$ 7,499,441

These funds include domestic and foreign equity securities, which are widely held and diversified. The funds are marketed and managed by a private fund manager whose units are sold to institutional and non-institutional investors. The Canadian bond pooled fund consists of Canadian denominated fixed income securities. The balanced pooled fund consists primarily of US, international, and Canadian equity securities, and Canadian fixed income securities.

4. EQUIPMENT

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Equipment	$ 74,942	$ 19,360	**$ 55,582**	$ 63,076

STURGEON COMMUNITY HOSPITAL FOUNDATION
Notes to Financial Statements
Year Ended March 31, 2026

5. FUND BALANCES

		2026		2025
Endowment fund:				
Cable Family Fund III - NECHC	$	150,313	$	82,209
Cable Family Fund II - SCH		82,486		144,706
Compassionate Parking Endowment Fund		500,000		500,000
St. Albert Breakfast Lions Club Fund		43,626		43,626
Donna (Kryskow) Toronchuk Memorial Fund		30,000		30,000
Jim & Susan Lightfoot Fund		6,629		6,629
Shelemey Insurance Consulting Fund		1,000		1,000
Catherine Thyra Fyfe Memorial Fund		2,000		2,000
L. Schmidt Memorial Endowment		200,000		200,000
Balmoral Masonic Lodge		20,090		20,090
Public Education Endowment Fund		14,095		14,095
	$	1,050,239	$	1,044,355
Externally restricted fund:				
St.Albert Breakfast Lions Club Fund		96,062		57,842
Cable Family Fund II - SCH		179,943		180,622
Cable Family Fund III - NECHC		286,631		288,380
Compassionate Parking Endowment Fund		510,084		447,951
Public Education Endowment Fund		17,622		15,532
Donna (Kryskow) Toronchuk Memorial Fund		45,023		40,223
Palliative Care Fund		(114)		(114)
Catherine Thyra Fyfe Memorial Fund		307,473		289,395
L. Schmidt Memorial ADP		57,287		40,328
Rooke Scholarship Fund		188,385		177,181
Annual Campaign Initiatives - Major Gifts		858,158		991,479
OR Equipment Project Fund		1,500,000		1,500,000
Balmoral Masonic Lodge		43,117		39,430
North East Community Health Centre		164,213		132,718
Major Gifts - Emergency Department		10,909		10,909
Major Gifts - Phase 2		48,910		48,910
Annual Campaign		510,657		438,187
Directed Donations		480,642		402,865
Staff Lottery Fund		306,513		212,378
Pandemic Campaign		7,362		7,362
Staff Education & Wellness		(24,348)		3,606
Casino Event		65,167		42,529
Medical Equipment and Patient Care		1,687,170		1,376,194
Robertson Community		30,049		-
	$	7,376,915	$	6,743,907

6. INVESTMENT INCOME

		2026		2025
Dividend income	$	**926,769**	$	659,103
Unrealized (loss) gain		**(388,932)**		41,654
Interest income		**29,337**		21,779
	$	**567,174**	$	722,536

7. RELATED PARTY TRANSACTIONS

The value of accommodation, furnishings, and certain overhead costs incurred in the administration of the Foundation and provided by the Hospital at no charge are not able to be reasonably estimated and consequently, are not reflected in these financial statements.

At March 31, 2026, $25,028 (2025 - $24,867) was payable to AHS for certain distributions towards salaries and benefits paid by AHS on the Foundation's behalf. Total salaries and benefits incurred, invoiced by AHS, for the year ended March 31, 2026 were $340,019 (2025 - $327,658). During the year ended March 31, 2026, the Foundation distributed $482,087 (2025 - $1,342,907) to AHS in support of the Hospital.

As at March 31, 2026 the Foundation received $149,968 (2025 - $113,378) in donations from members of the Board of Trustees and organizations related to these members.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. ADDITIONAL INFORMATION TO COMPLY WITH THE CHARITABLE FUNDRAISING ACT AND REGULATION

Employees whose principal duties involve fundraising were paid remuneration of $84,110 (2025 - $84,158).

Expenditures incurred for a separate fundraising business to make solicitations on behalf of the Foundation for the year ended March 31, 2026 were $nil (2025 - $nil).

9. LOCAL AUTHORITIES PENSION PLAN

The Foundation participates in the Local Authorities Pension Plan ("LAPP"), a multi-employer defined benefit pension plan available to eligible employees of participating employers in Alberta's public sector.

LAPP is jointly sponsored and governed by LAPP Corporation, with benefits administration provided by Alberta Pensions Services Corporation and investment management provided by Alberta Investment Management Corporation. The Foundation's employees participate in the plan through Alberta Health Services payroll processes.

As sufficient information is not available to apply defined benefit plan accounting, the Foundation accounts for the plan using defined contribution accounting. Accordingly, contributions are expensed in the period in which they become due.

As at December 31, 2024, LAPP was approximately 138% funded on an accounting basis, with a surplus of approximately $19.6 billion (2023 – 131% funded and $15.1 billion surplus).

The plan provides pension benefits based on years of service, pensionable earnings, and age at retirement. All eligible employees of the Foundation are members of the plan.

Contribution rates are set by the plan and are shared between employees and employers. The Foundation contributes 8.45% (2024 – 7.52%) of pensionable earnings up to the Year's Maximum Pensionable Earnings ("YMPE"), and 11.65% (2024 – 10.32%) of pensionable earnings above the YMPE. Employees contribute 7.45% (2024 – 6.52%) up to the YMPE, and 10.65% (2024 – 9.32%) above the YMPE.

10. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2026. Unless otherwise noted, the Foundation's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk from donors and other parties. As at March 31, 2026, 100% of accounts receivable are due from one entity (2025 - 100% due from one entity).

Market risk

The Foundation is exposed to market risk through its marketable securities and endowment investments. Management believes the risk faced by the Foundation with regards to market risk is an acceptable risk faced in the ordinary course of business and seeks to minimize the risks associated with its investment portfolio through effectively supervising, monitoring and evaluating the management of its investment portfolio. The Foundation has developed a formal Investment Policy Statement to assist in minimizing the risk associated with its marketable securities while preserving the investment portfolio value and providing a stable income stream to permit the Foundation to carry out its mandate. 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.

Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency risk on US and international securities held in the portfolio investments.

Interest rate risk

The Foundation is exposed to interest risk on its marketable securities. The Foundation has not entered into any financial derivatives or other financial instruments to hedge against risk. In seeking to minimize the risks from interest rate fluctuations, the Foundation actively manages exposure through its active portfolio management policies and procedures.