

Red Deer Regional Health Foundation
Financial Statements
March 31, 2026

To the Board of Red Deer Regional Health Foundation:

Opinion

We have audited the financial statements of Red Deer Regional Health Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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 its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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 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.

Red Deer, Alberta

July 23, 2026

MNP LLP

Chartered Professional Accountants

Red Deer Regional Health Foundation

Statement of Financial Position

As at March 31, 2026

	General Fund	Restricted Fund	Endowment Fund	2026	2025
Assets					
Current					
Cash (Note 3)	6,438,170	4,267,956	-	10,706,126	6,069,992
Accounts receivable (Note 4)	58,123	3,300,782	-	3,358,905	1,467,762
Marketable securities (Note 5)	-	11,954,738	3,754,231	15,708,969	15,709,369
Prepaid expenses and deposits	-	1,187,499	-	1,187,499	890,052
Inventory (Note 6)	-	20,659	-	20,659	11,259
Due from (to) other funds	(2,186,542)	2,798,157	(611,615)	-	-
	4,309,751	23,529,791	3,142,616	30,982,158	24,148,434
Liabilities					
Current					
Accounts payable and accruals (Note 7)	-	95,906	-	95,906	61,582
Wage deductions payable	29,444	5,820	-	35,264	20,488
Deferred Hospital Lottery ticket sales	-	1,141,490	-	1,141,490	690,158
	29,444	1,243,216	-	1,272,660	772,228
Commitments (Note 14)					
Fund Balances					
General fund	4,280,307	-	-	4,280,307	5,717,526
Restricted fund (Note 8)	-	22,286,575	-	22,286,575	14,516,064
Endowment fund (Note 9)	-	-	3,142,616	3,142,616	3,142,616
	4,280,307	22,286,575	3,142,616	29,709,498	23,376,206
	4,309,751	23,529,791	3,142,616	30,982,158	24,148,434

Approved on behalf of the Board

Mark Music
Director

Al Sim
Director
JUL 23, 2026, 11:33 AM MDT

The accompanying notes are an integral part of these financial statements

Red Deer Regional Health Foundation

Statement of Operations

For the year ended March 31, 2026

	General Fund	Restricted Fund	Endowment Fund	2026	2025
Revenue					
Fundraising (Schedule 1)	16,295	6,215,849	-	6,232,144	5,719,125
Major gifts	630,426	8,690,619	-	9,321,045	4,539,558
Investments (Note 12)	506,823	246,937	-	753,760	1,127,375
Donations	90,704	192,516	-	283,220	204,331
Administrative funding (Note 10)	155,000	-	-	155,000	155,000
Grant revenue	-	117,750	-	117,750	988
Total revenue	1,399,248	15,463,671	-	16,862,919	11,746,377
Expenses					
Fundraising (Schedule 1)	10,665	3,985,293	-	3,995,958	3,614,347
Contributions to Alberta Health Services (Note 10)	2,117,863	3,026,833	-	5,144,696	4,802,907
Operating expenses (Note 13)	678,075	532,868	-	1,210,943	1,038,293
Program purchases	29,864	59,674	-	89,538	124,070
Scholarships	-	88,492	-	88,492	98,299
Total expenses	2,836,467	7,693,160	-	10,529,627	9,677,916
Excess (deficiency) of revenue over expenses	(1,437,219)	7,770,511	-	6,333,292	2,068,461

The accompanying notes are an integral part of these financial statements

Red Deer Regional Health Foundation

Statement of Changes in Fund Balances

For the year ended March 31, 2026

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	2026	2025
Fund balances, beginning of year	5,717,526	14,516,064	3,142,616	23,376,206	21,307,745
Excess (deficiency) of revenue over expenses	(1,437,219)	7,770,511	-	6,333,292	2,068,461
Fund balances, end of year	4,280,307	22,286,575	3,142,616	29,709,498	23,376,206

The accompanying notes are an integral part of these financial statements

Red Deer Regional Health Foundation

Statement of Cash Flows

For the year ended March 31, 2026

	<i>General Fund</i>	<i>Restricted Fund</i>	<i>Endowment Fund</i>	2026	2025
Cash provided by (used for) the following activities					
Operating					
Excess (deficiency) of revenue over expenses	(1,437,219)	7,770,511	-	6,333,292	2,068,461
(Gains) losses on investments	341,566	(106,381)	-	235,084	188,914
	(1,095,653)	7,664,130	-	6,568,376	2,257,375
Changes in working capital accounts					
Accounts receivable	(18,313)	(1,872,835)	-	(1,891,147)	(1,237,386)
Prepaid expenses and deposits	-	(297,446)	-	(297,446)	262,427
Inventory	-	(9,401)	-	(9,401)	(2,034)
Accounts payable and accruals	-	40,144	-	40,144	(3,687)
Deferred revenue	-	451,332	-	451,332	(194,317)
Wages payable	8,960	-	-	8,960	2,825
	(1,105,006)	5,975,924	-	4,870,818	1,085,203
Investing					
(Increase) decrease in marketable securities	-	(234,684)	-	(234,684)	499,228
Increase (decrease) in cash resources	(1,105,006)	5,741,240	-	4,636,134	1,584,431
Cash resources, beginning of year	2,298,145	3,771,747	-	6,069,992	4,485,561
Interfund adjustments	5,245,031	(5,245,031)	-	-	-
Cash resources, end of year	6,438,170	4,267,956	-	10,706,126	6,069,992

The accompanying notes are an integral part of these financial statements

Red Deer Regional Health Foundation

Notes to the Financial Statements

For the year ended March 31, 2026

1. Incorporation and nature of the organization

Red Deer Regional Health Foundation (the "Foundation") was established April 1, 1994 under authority of the Regional Health Authorities Act and the Regional Health Authorities Foundations Regulation A.R. 16/95. The Foundations is exempt from income taxes and is a registered charity under the Income Tax Act ("the Act").

The Foundation is an independent fundraising organization that seeks to provide funds for the enhancement of programs and equipment for hospitals and care facilities in the City of Red Deer and the surrounding area. The ability of the Foundation to carry on its purposes is dependant on the continuing support of donors, contributions and other stakeholders.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, activities of the foundation are segregated into the following funds:

The General Fund reports the Foundation's general administration activities and consists of the Foundation's unrestricted resources.

The Endowment Fund reports the Foundation's funds specifically designated by either donors or internally restricted by the board so that the principal is held permanently by the Foundation.

The Restricted Fund reports the Foundation's special projects and consists of externally restricted funds. These funds have been restricted by certain regulations and agreements under which fundraising occurs and other internally restricted funds for which the Foundation has raised funds for a specific purpose to which the contributor was aware.

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Accrued liabilities and allocation of administrative expenses require use of estimates. The Foundation allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in cash and disclosed in Note 3.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Accrued interest on the GIC's is added to the cost base.

Pledges receivable

Pledges receivable are recognized as an asset when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured. There is \$3,128,872 (2025 - \$1,250,000) in pledges receivable at year-end.

2. Significant accounting policies *(Continued from previous page)*

Inventory

Inventories held for consumption are recognized at the lower of cost and current replacement cost. Cost is determined by the first in, first out method.

Revenue recognition

The Foundation uses the restricted fund method of accounting for contributions. Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue of the General Fund when there is not an appropriate restricted fund and all conditions have been complied with.

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. Endowment contributions are recognized as revenue in the Endowment Fund.

Investment income is recognized when earned. Unrestricted investment income earned on Restricted and Endowment Fund resources is recognized as investment revenue of the General Fund. Restricted investment income earned on Endowment Fund resources is recognized as investment revenue of the appropriate Restricted Fund.

Revenue from lottery tickets for which results are determined based on a draw and the Foundation can definitively determine its return, is recognized when the related draw occurs.

Sponsorship and event entry fee revenue are recognized in the period in which the related event is held or the sponsorship benefits are provided.

Government assistance is recognized when there is reasonable assurance that the Foundation has complied and will continue to comply with all conditions of the assistance.

Donations from insurance proceeds are recognized when the amount is measurable and collection is reasonably assured.

Pledges are recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Due to (from) other funds

Amounts due between certain funds are non-interest bearing and have no fixed terms of repayment. Such amounts arise out of administrative practice and do not change the underlying fund restrictions.

Contributed materials and services

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The Foundation benefits from contributed services in the form of volunteer time. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Foundation has not made such an election during the year.

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Foundation initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market
- Debt instruments quoted in an active market
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly)
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Foundation may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Foundation has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Red Deer Regional Health Foundation
Notes to the Financial Statements
For the year ended March 31, 2026

2. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

For related party debt instruments initially measured at cost, the Foundation reduces the carrying amount of the asset (or group of assets), to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Foundation reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

3. Cash

Included in cash is \$6,454,498 (2025 - \$3,771,747) of restricted funds. The proceeds are to be used for specific purposes as disclosed in Note 8, and for the deferred hospital lottery ticket sales.

Cash recorded in the restricted fund consists primarily of funds received from fundraising events and casinos held under license with the Alberta Gaming and Liquor Commission (the "AGLC"). Proceeds from these fundraising events are restricted to expenses as approved by the AGLC. These funds earn interest at current bank rates.

4. Accounts receivable

	2026	2025
Hospital Lottery ticket sales	171,910	177,952
GST	58,123	39,810
Capital campaign pledge	3,128,872	1,250,000
	3,358,905	1,467,762

5. Marketable securities

	2026	2025
GIC's	5,587,838	1,631,643
Mutual Funds	10,121,131	14,077,726
	15,708,969	15,709,369

Included in marketable securities is \$5,587,838 (2025 - \$1,575,356) of GIC's. These investments are comprised of a single 1-year GIC with an interest rate of 3.13% (2025 - 4.47% to 4.96%), maturing in fiscal 2027. Interest of \$117,280 (2025 - \$56,287) has been accrued.

The Foundation's investments are professionally managed in accordance with the Foundation's investment policies with the primary emphasis on security and liquidity of capital and a secondary emphasis on yield. Credit, foreign currency, interest rate and market risks are managed by the Foundation's investment managers whose performance is reviewed regularly.

Marketable securities of \$11,954,738 (2025 - \$12,099,506) are restricted investments related to the fund project balances in Note 8 and \$3,754,231 (2024 - \$3,609,863) are restricted to endowments in Note 9.

Red Deer Regional Health Foundation

Notes to the Financial Statements

For the year ended March 31, 2026

6. Inventory

Inventory of \$20,659 (2025 - \$11,259) consists mainly of supplies and prizes purchased for the Festival of Trees.

7. Accounts payable and accruals

The Foundation has a credit card with ATB with a credit limit of \$20,000 (2025 - \$20,000) of which \$14,781 (2025 - \$6,089) has been drawn and included in accounts payable and accruals as at March 31, 2026. Interest on the credit card is a fixed rate of 19.90% (2025 - 19.90%).

8. Restricted fund project balances

Restricted project balances represent specific commitments and the unallocated net proceeds of various fundraising events. As part of its strategic fundraising efforts, the Foundation works with its stakeholders to determine projects requiring funds. The allocation to various projects are subject to change.

A large majority of these funds are committed to projects with Alberta Health Services.

	2026	2025
Restricted funds:		
Addictions and mental health	661,127	722,564
Capital campaign	10,123,099	2,633,948
Cardiac	42,048	312,245
Community, rehab, chronic disease management	398,661	276,714
Emergency and inpatient medicine	151,875	97,121
Festival of Trees	2,301,185	1,805,840
Hemo dialysis	324,532	362,946
Operational reserve	750,000	750,000
Other projects	98,384	92,241
Red Deer restricted	2,500,156	2,693,414
Rural facilities	653,522	842,338
Scholarships	50,372	39,892
Staff 50/50	2,068,882	1,849,366
Surgical	373,853	183,158
Volunteer resources and spiritual care	9,563	10,625
Women and children's health	985,244	971,396
Subtotal	21,492,503	13,643,808
Unrealized gain	794,072	872,256
Total	22,286,575	14,516,064

Red Deer Regional Health Foundation
Notes to the Financial Statements
For the year ended March 31, 2026

9. Endowment fund

The Endowment Fund consists of Board endowed resources and externally restricted contributions received by the Foundation where the endowment principal is required to be left intact. The investment income generated from assets held for endowment purposes must be used in accordance with the various specific endowment agreements as established by the donors or the Board. In some cases, the investment income is restricted for a specific purpose and is recorded as revenue of the appropriate Restricted Fund. Investment income on the endowments that are not restricted for a specific purpose are recorded as revenue in the General Fund.

	2026	2025
Externally endowed		
Amounts restricted for specific purposes	1,601,497	1,601,497
Amounts not restricted for specific purposes	1,145,642	1,145,642
Subtotal	2,747,139	2,747,139
Board endowed		
Amounts restricted for specific purposes	390,680	390,680
Amounts not restricted for specific purposes	4,797	4,797
Subtotal	395,477	395,477
Total endowments	3,142,616	3,142,616

10. Contributions to Alberta Health Services and other organizations

The Foundation works closely with Alberta Health Services ("AHS") and other nearby Central Alberta hospital foundations and trusts to the extent that these organizations partner in the strategic direction of health care in the Red Deer region.

The Foundation has transactions in the ordinary course of operations with AHS, other foundations and health trusts as follows:

(a) Alberta Health Services - The Foundation contributed \$4,111,663 (2025 - \$4,802,907) to AHS for the purchase of equipment and funding of programs. The Foundation received \$155,000 (2025 - \$155,000) and \$0 (2025 - \$0) in funding from Alberta Health Services for administration expenses and grants, respectively.

(b) Other Foundations and Health Trusts - The Foundation transferred restricted funds in the amount of \$1,033,033 (2025 - \$0) to Foundations and Health Trusts of small communities throughout Central Alberta. These funds represent unspent donations received that are designated to be spent in a number of nearby communities.

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 parties.

11. Net revenue by event

One of the Foundation's main fundraising events is the Hospital Lottery which begins selling tickets in March, with the final draw in July.

The fundraising special projects net revenue on Schedule 1 reports the revenues and expenses on a fiscal basis.

Red Deer Regional Health Foundation

Notes to the Financial Statements

For the year ended March 31, 2026

12. Investment income

Investment income earned is reported as follows:

	2026	2025
Income earned on unrestricted resources	95,889	49,107
Income earned on restricted resources	892,955	1,267,182
Unrealized gains (losses) on investments	(235,084)	(188,914)
Total investment income recognized as revenue	753,760	1,127,375

13. Allocation of expenses

	2026	2025
Advertising and promotion	63,854	64,886
Bank and credit card fees	16,955	13,893
Board expenses	635	1,763
Consulting	134,683	92,837
Courses	5,128	5,217
Donor recognition	10,984	2,069
Office	9,641	9,721
Professional fees	35,367	40,101
Repairs and maintenance	761	600
Software and support	20,860	9,461
Volunteer and staff recognition	7,227	2,277
Wages and benefits	904,848	795,468
	1,210,943	1,038,293

14. Commitments

The Foundation has entered into a raffle support agreement with Stride Management Corp. to provide raffle administration, ticket processing, call centre, marketing, website management, and related services. The agreement expires December 31, 2028.

Under the agreement, fixed fees for the 2026 campaign total approximately \$255,580 plus applicable taxes, comprised of raffle support services of \$166,460 and marketing services of \$89,120. In addition, the Foundation is responsible for certain variable costs and third-party charges associated with the lottery program.

Fees for 2027 and 2028 will be established annually based on the services requested by the Foundation. For services continuing from the prior year, fee increases are limited to a maximum of 3% to 5% annually.

15. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk arises from the potential for an investee to fail or counter party to default on its obligations to the Foundation. The Foundation holds cash at one bank in excess of the amount that is insured by the Canadian Deposit Insurance Corporation limits.

15. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its fixed income securities. As interest rates fluctuate, the fair value of these securities will be impacted.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: currency rate risk, interest rate risk, and other price risks. The Foundation is mainly exposed to other price risk from the potential fluctuations in investment value as a result of changes in market prices.

Red Deer Regional Health Foundation
Schedule 1 - Fundraising Special Projects Net Fundraising Revenue
For the year ended March 31, 2026

	Festival of Trees 2025 (Restricted)	Staff Lotto 2025 (Restricted)	Hospitals' Lottery 2025 (Restricted)	Other (Restricted)	Other (Unrestricted)	2026 Total	2025 Total
REVENUE							
Donations	-	-	-	221,096	16,295	237,391	147,716
Entry fees and sales	426,666	-	-	245		426,911	271,830
Goods in kind	588,023	-	316,596	2,789		907,408	869,573
Lotteries, auctions and raffles	257,249	1,362,769	2,319,137	70		3,939,225	3,666,289
Sponsorship	599,669	-	5,410	16,000			574,523
Interest and other	1,215	52,637	29,235	17,042		100,129	189,194
	1,872,822	1,415,407	2,670,377	257,243	16,295	6,232,144	5,719,125
EXPENSES							
Event supplies, product and rental	522,084	6,706	551,909	36,615	10,665	1,127,979	849,372
Goods in kind	587,304	-	273,625	2,789		863,717	1,492,225
Lottery and auction prizes	101,428	631,582	1,271,251	-		2,004,262	1,272,750
	1,210,816	638,287	2,096,785	39,404	10,665	3,995,958	3,614,347
NET FUNDRAISING REVENUE, FISCAL 2026	662,005	777,119	573,592	217,839	5,630	2,236,186	2,104,778
NET FUNDRAISING REVENUE, FISCAL 2025	552,114	598,246	786,896	171,865	(4,343)	2,104,778	