MEDICINE HAT AND DISTRICT HEALTH FOUNDATION

Financial Statements

Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Medicine Hat and District Health Foundation

Opinion

We have audited the financial statements of Medicine Hat and District Health Foundation (the Foundation), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2026, its results of 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 Auditor's 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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 the 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants

Lethbridge, Canada

October 7, 2026

MEDICINE HAT AND DISTRICT HEALTH FOUNDATION

Statement of Financial Position

	March 31, 2026	March 31, 2025	April 1, 2024
Current Assets:			
Cash and cash equivalents (Note 5)	$ 1,851,643	$ 1,032,770	$ 1,579,187
Interest receivable	130,647	125,544	66,148
	1,982,290	1,158,314	1,645,335
Non-Current Assets:			
Long term investments (Note 6)	7,192,073	7,217,107	6,458,319
	$ 9,174,363	$ 8,375,421	$ 8,103,654
Current Liabilities			
Accounts payable and accrued liabilities	107,499	135,975	140,376
Due to Alberta Health Services (Note 8)	991,965	139,508	476,793
	1,099,464	275,483	617,169
Fund Balances:			
General fund	1,539,250	2,143,370	2,333,584
Restricted fund	6,535,649	5,956,568	5,152,901
	8,074,899	8,099,938	7,486,485
Commitment (Note 11)			
	$ 9,174,363	$ 8,375,421	$ 8,103,654

Trustee

Trustee

The accompanying notes are part of the financial statements.

MEDICINE HAT AND DISTRICT HEALTH FOUNDATION

Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2026, with comparative information for 2025

	General Fund		Restricted Fund		Total	Total
	2026	2025	2026	2025	2026	2025
Revenue:						
Fundraising	$ -	$ -	$ 337,924	$ 354,161	$ 337,924	$ 354,161
Donations	-	-	2,021,030	749,530	2,021,030	749,530
Alberta Health Services reimbursements (Note 8)	60,000	60,000	-	-	60,000	60,000
Net investment income (Note 7)	629,035	863,766	-	-	629,035	863,766
	689,035	923,766	2,358,954	1,103,691	3,047,989	2,027,457
Expenses:						
Donation disbursements (Note 8)	-	-	1,558,530	72,467	1,558,530	72,467
Operating costs (Note 9)	1,293,155	1,113,980	221,343	227,557	1,514,498	1,341,537
	1,293,155	1,113,980	1,779,873	300,024	3,073,028	1,414,004
Excess (deficiency) of revenue over expenses (note 3)	(604,120)	(190,214)	579,081	803,667	(25,039)	613,453
Fund balances, beginning of year (note 3)	2,143,370	2,333,584	5,956,568	5,152,901	8,099,938	7,486,485
Fund balances, end of year	$ 1,539,250	$ 2,143,370	$ 6,535,649	$ 5,956,568	$ 8,074,899	$ 8,099,938

The accompanying notes are part of the financial statements.

MEDICINE HAT AND DISTRICT HEALTH FOUNDATION

Statement of Cash Flows

For the year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operations		
Excess of revenue over expenses	$ (25,039)	$ 613,453
Items not involving cash:		
Gain on disposal of investments	(67,886)	(768,443)
Change in unrealized gains included in investment income	(309,227)	174,287
	(402,152)	19,297
Change in non-cash operating working capital:		
Interest receivable	(5,103)	(59,396)
Accounts payable and accrued liabilities	(28,476)	(4,401)
Due to Alberta Health Services	852,457	(337,285)
Cash generated from operating activities	416,726	(381,785)
Investing		
Net decrease (increase) in investment cost	402,147	(164,632)
Increase (decrease) in cash and cash equivalents	818,873	(546,417)
Cash and cash equivalents, beginning of year	1,032,770	1,579,187
Cash and cash equivalents, end of year	$ 1,851,643	$ 1,032,770

The accompanying notes are part of the financial statements.

1. Authority, Purpose and Operations

The Medicine Hat and District Health Foundation (the "Foundation") was established on June 24, 1996 under a Foundation bylaw created by the Palliser Health Region, as provided by the *Regional Health Authorities Act*, Statutes of Alberta 1994. The Foundation is a registered charity under the *Income Tax Act* and is therefore exempt from the payment of income tax under Section 149(1)(f).

The Foundation's primary activity is to raise funds for the improvement of health care services within Medicine Hat and District.

2. Adoption of Canadian accounting standards for not-for-profit organizations

On April 1, 2025, the Foundation adopted Canadian accounting standards for not-for-profit organizations ("ASNPO"). These are the first financial statements prepared in accordance with ASNPO.

In accordance with the transitional provisions in ASNPO, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2024 and all comparative information provided has been presented by applying ASNPO.

In accordance with first time adoption provisions of ASNPO, the Foundation may elect to apply certain exemptions as at the transition date, April 1, 2024. The Foundation has elected not to apply any of the available exemptions.

A summary of transitional adjustments recorded to retained earnings and net earnings is provided in note 3.

3. Transition adjustments

(a) Fund balances:

The following table summarizes the impact of the transition to ASNPO on the Foundation's fund balances as of April 1, 2024:

General fund:		
As previously reported under Canadian Public Sector Accounting Standards (PSAS) including the 4200 standards for government not-for-profit organizations, March 31, 2024	$	1,903,846
Adjustment to report accumulated remeasurement gains in general fund balance		429,738
Restated, April 1, 2024	$	2,333,584

3. Transition adjustments (continued)

(b) Operations:

As a result of the above noted retrospective application of ASNPO, the Foundation recorded the following adjustments to operations for the year ended March 31, 2025:

Excess (deficiency) of revenue over expenses:		
As previously reported under Canadian PSAS including the 4200 standards for government not-for-profit organizations for the year ended March 31, 2025	$	(15,927)
Adjustment to report change in unrealized gains (losses) on investments measured at fair value in net investment income		(174,287)
Restated for the year ended March 31, 2025	$	(190,214)

4. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Accounting Standards including the not-for-profit organizations in Part III of the CPA Canada Handbook -Accounting. The following are the significant accounting policies:

(a) Fund Accounting

The Foundation follows the restricted fund method of accounting for contributions. For accounting purposes, established funds have been designated as follows:

General Fund

The General Fund accounts for the Foundation's general fundraising and operating activities. This fund reports interest earnings on investments and operating costs of the Foundation.

Restricted Fund

The Restricted Fund accounts for contributions that have been designated or restricted by the donor. These restrictions specify that the funds are to be used for the purchase of equipment or for use by a specific department or program. The Foundation considers all donations received to be restricted as the Foundation commits to donors that 100% of their donations will be used in accordance with the respective restrictions.

(b) Revenue Recognition

The key elements of the Foundation's revenue recognition policies are:

i. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable.

ii. Restricted contributions related to general operations are recognized as revenue in the General Fund in the year in which the revenue is received. All other restricted contributions are recognized as revenue of the Restricted Fund.

iii. Donations are recognized as revenue of the respective fund when received. Pledges are not recorded as revenue until ultimately received.

4. Significant Accounting Policies and Reporting Practices (continued)

(c) Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently measured at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to record any investments at fair value.

Financial instruments recorded at amortized cost are cash and cash equivalents, interest receivable, fixed income marketable securities, and accounts payable and accrued liabilities.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Contributed Services

Volunteers are an integral part of the Foundation's activities. However, contributed services are not recognized as revenues and expenses in the financial statements because fair value cannot be reasonably determined.

(e) Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Cash and cash equivalents

Cash and cash equivalents include deposits in banks, certificates of deposit and short-term investments including mutual funds with original maturities of three months or less.

5. Cash and Cash Equivalents

The Foundation considers deposits in banks, certificates of deposit and short-term investments including mutual funds with original maturities of three months or less as cash and cash equivalents.

	March 31, 2026	March 31, 2025	April 1, 2024
Cash on deposit	$1,855,413	$1,032,770	$1,579,187
Total cash and cash equivalents	$1,855,413	$1,032,770	$1,579,187

Included in cash on deposit are bank accounts which bear interest at 2.05% (2025 - 2.65%).

The Foundation also holds a Held for Business Visa investment account which bears interest at 2.30% (2025 – 4.70%) maturing in May 2026 (2025 - May 2025).

6. Long Term Investments

	March 31, 2026	March 31, 2025	April 1, 2024
Marketable securities:			
Fixed income, amortized cost	$ 923,839	$ 1,541,090	$ 2,360,836
Equities, fair value	6,268,234	5,676,017	4,097,483
Total long-term investments	$ 7,192,073	$ 7,217,107	$ 6,458,319

Fixed income investments earn interest at rates ranging from 5.000% to 5.310% (2025 – 4.46% to 5.73%) and have maturity dates ranging from July 6, 2026 to October 26, 2028 (2025 – June 30, 2025 to October 26, 2028). Investment management fees are expensed as incurred.

7. Investment Income

Investment income consists of:

	2026	2025
Interest income	$ 251,922	$ 268,970
Dividend income	--	640
Gain on disposal of investments	67,886	768,443
Change in unrealized gains (losses) on investments measured at fair value	309,227	(174,287)
Net investment income	$ 629,035	$ 863,766

8. Related Party Transactions

Funds provided to Alberta Health Services ("AHS"), are shown in the Statement of Operations as 'Donation disbursements'. AHS provides certain fundraising, financial services and administrative support to the Foundation. However, due the difficulty in determining its fair value, the assistance provided by AHS is not recognized in the financial statements, except for the contributions received of $60,000 (2025 - $60,000).

AHS has the ability to appoint one voting member to the Foundation board of trustees in accordance with Alberta Regulation 295/2025.

As at March 31, 2026, advances outstanding and payable by the Foundation to Alberta Health Services was $981,107 (2025 - $139,508).

These transactions are recorded in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. Remuneration to Employees

The net cost to the Foundation for remuneration of employees whose principal duties involved fundraising was $453,481 (2025 - $416,302).

10. Additional Information to Comply with the Disclosure Requirement of the Charitable Fundraising Act and Regulation

In accordance with Section 8 of the Charitable Fund-raising Act, the Foundation is required to disclose, either in the financial statements or in the accompanying notes, additional information regarding contributions received and related fundraising expenses.

During the year, the Foundation incurred $221,343 (2025 - $482,249) in expenses directly related to the solicitation of contributions. During the year, there was $1,558,530 of disbursements related to the purchase of minor equipment, other than this instance no disbursements were individually greater than 10% of gross contributions received.

11. Commitment

The Foundation entered into a five-year agreement with AHS on August 1, 2023, to operate the Gift Shop at no cost to the Foundation. The Foundation incurred certain wage costs for operating the gift shop in 2026 (and 2025). In prior years, AHS has provided an annual donation to the Foundation of the net earnings of the Gift Shop. In 2026, AHS provided a donation of $nil (2025 - $nil) to offset the wage cost incurred.

12. Financial Risk and Concentration of Risk

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments as a result of investments. Fixed interest instruments subject the Foundation to a fair value risk, however, the risk associated is reduced to a minimum since these assets are invested mainly in government issued bonds.

The Foundation believes it is not exposed to significant liquidity risk as the majority of investments held are in instruments that are highly liquid that can be disposed of to settle commitments.

12. Financial Risk and Concentration of Risk (continued)

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of cash and investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. The Foundation is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies.

Foreign currency risk is managed by the fact that the investment policies limit non-Canadian equities. At March 31, 2026, investments in non-Canadian equities represented nil% (2025 – nil%) of total long-term investments.

13. Approval of Financial Statements

These financial statements were approved by the Foundation Board of Trustees.