



Financial Statements

Saanich Peninsula Hospital Foundation

March 31, 2017

# Contents

	<b>Page</b>
Independent Auditors' Report	1-2
Statement of Operations	3
Statement of Changes in Fund Balances	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-13
Schedule of Expenditures	14
Schedule of Fund Transfers	15

## Independent Auditors' Report

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To the members of Saanich Peninsula Hospital Foundation

We have audited the accompanying financial statements of the Saanich Peninsula Hospital Foundation, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Saanich Peninsula Hospital Foundation as at March 31, 2017, 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.

### Report on other legal and regulatory requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Victoria, Canada  
July 31, 2017

*Grant Thornton LLP*

Chartered Professional Accountants

# Saanich Peninsula Hospital Foundation

## Statement of Operations

Year ended March 31

	General	Externally Restricted	Endowment	Total 2017	Total 2016
<b>Revenue</b>					
Donations in kind	\$ 74	\$ 4,101	\$ -	\$ 4,175	\$ 927,152
Fall Campaign, net (Note 8)	553,104	-	-	553,104	247,426
Donations	162,334	526,469	-	688,803	1,099,584
Bequests	626,285	968,344	1,530,000	3,124,629	2,019,696
Life insurance proceeds	1,115	-	-	1,115	1,029
Golf tournament, net (Note 9)	17,695	-	-	17,695	19,597
Gala, net (Note 9)	42,053	-	-	42,053	53,037
Other events	10,760	-	-	10,760	(513)
	<u>1,413,420</u>	<u>1,498,914</u>	<u>1,530,000</u>	<u>4,442,334</u>	<u>4,367,008</u>
Interest and dividends	304,880	-	-	304,880	309,911
Unrealized gains (loss) on investments	434,602	-	-	434,602	(352,902)
Realized (loss) gains on investments	(505)	-	-	(505)	78,727
Realized gain on disposal of real estate	-	-	-	-	231,076
Membership	425	-	-	425	405
Increase in cash surrender values	2,458	-	-	2,458	2,541
Rental income (net) and other revenue	5,903	-	-	5,903	424
	<u>2,161,183</u>	<u>1,498,914</u>	<u>1,530,000</u>	<u>5,190,097</u>	<u>4,637,190</u>
<b>Expenditures</b>					
Administration (Page 14)	297,392	-	-	297,392	237,825
Fundraising (Page 14)	208,957	-	-	208,957	211,070
Charitable purpose (Page 14)	57,122	-	-	57,122	55,671
Transfer to Saanich Peninsula Hospital (Page 15)	3,257,122	90,954	-	3,348,076	1,823,181
	<u>3,820,593</u>	<u>90,954</u>	<u>-</u>	<u>3,911,547</u>	<u>2,327,747</u>
Excess (deficiency) of revenue over expenditures	\$ (1,659,410)	\$ 1,407,960	\$ 1,530,000	\$ 1,278,550	\$ 2,309,443

See accompanying notes to the financial statements.

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## Saanich Peninsula Hospital Foundation Statement of Changes in Fund Balances

Year ended March 31

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	<u>General Fund</u>	<u>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Endowment Fund</u>	<u><b>Total 2017</b></u>	<u>Total 2016</u>
Fund balances, beginning of year	\$ 10,574,308	283,241	4,713,250	367,325	<b>\$ 15,938,124</b>	\$ 13,628,681
Excess (deficiency) of revenue over expenditures	(1,659,410)	-	1,407,960	1,530,000	<b>1,278,550</b>	2,309,443
Interfund transfers (Note 11)	<u>33,241</u>	<u>(283,241)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<b><u>\$ 8,948,139</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,121,210</u></b>	<b><u>\$ 2,147,325</u></b>	<b><u>\$ 17,216,674</u></b>	<b><u>\$ 15,938,124</u></b>

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See accompanying notes to the financial statements.

# Saanich Peninsula Hospital Foundation

## Statement of Financial Position

March 31

	2017	2016
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 3)	\$ 2,407,230	\$ 2,713,173
Investments, at fair value (Note 4)	14,111,970	12,038,695
Bequests and other receivables	192,296	1,406,059
Accrued interest	26,310	38,993
Prepaid expenses	22,218	33,069
	<u>16,760,024</u>	<u>16,229,989</u>
Cash surrender value of life insurance policies (Note 5)	71,923	69,465
Capital assets (Note 6)	547,848	475,266
	<u>\$ 17,379,795</u>	<u>\$ 16,774,720</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 163,121	\$ 836,596
<b>Fund Balances</b>		
Externally restricted	6,121,210	4,713,250
Endowments (Note 7)	2,147,325	367,325
Internally restricted	-	283,241
General	8,948,139	10,574,308
	<u>17,216,674</u>	<u>15,938,124</u>
	<u>\$ 17,379,795</u>	<u>\$ 16,774,720</u>

On behalf of the Board:

Director

Director

See accompanying notes to the financial statements.

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## Saanich Peninsula Hospital Foundation

### Statement of Cash Flows

Year ended March 31

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	<u>2017</u>	<u>2016</u>
Cash provided by (used in):		
<b>Operations</b>		
Excess of revenue over expenditures	\$ 1,278,550	\$ 2,309,443
Amortization	19,718	3,690
Unrealized loss (gain) on investments	(434,602)	352,902
Realized loss (gain) on investments	505	(78,727)
Realized gain on disposal of real estate	-	(231,076)
Increase in cash surrender value of life insurance policies	(2,458)	(2,541)
Changes in non-cash operating working capital	<u>563,822</u>	<u>(599,394)</u>
	<u>1,425,535</u>	<u>1,754,297</u>
<b>Investing</b>		
Purchase of capital assets	(92,300)	-
Proceeds from disposition of investments	6,704,482	6,812,482
Purchase of investments	<u>(8,343,660)</u>	<u>(8,487,560)</u>
	<u>(1,731,478)</u>	<u>(1,675,078)</u>
(Decrease) increase in cash and cash equivalents	(305,943)	79,219
Cash and cash equivalents, beginning of year	<u>2,713,173</u>	<u>2,633,954</u>
Cash and cash equivalents, end of year	<u>\$ 2,407,230</u>	<u>\$ 2,713,173</u>
<b>Changes in non-cash operating working capital</b>		
Bequests and other receivables	1,213,763	(1,330,300)
Accrued interest	12,683	2,543
Prepaid expenses	10,851	(23,634)
Accounts payable and accrued liabilities	(673,475)	756,997
Deferred revenue	<u>-</u>	<u>(5,000)</u>
	<u>\$ 563,822</u>	<u>\$ (599,394)</u>

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See accompanying notes to the financial statements.



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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2017

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### 1. Authority and purpose

The Saanich Peninsula Hospital Foundation (the "Foundation") is incorporated under the Society Act of British Columbia. The Foundation is registered as a charity with the Canada Revenue Agency under registration number 11913 0540 RR0001.

The Foundation's purpose is to further the aims, interests and objectives of the Saanich Peninsula Hospital and to raise the necessary funds for this purpose. Donations received by the Foundation are used to enhance health care through equipment purchase, facility enhancement or by assisting in health-related research and education. Donations are not applied to hospital operating expenses.

The Saanich Peninsula Hospital is operated by the Vancouver Island Health Authority (the "Authority"). The Foundation has the use of facilities and certain administrative services without charge from the Authority.

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### 2. Summary of significant accounting policies

#### Basis of presentation

The Foundation has elected to apply the standards of Part III of the CPA Canada Handbook in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

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.

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

Investment income is recorded to the General Fund as earned.

#### Fund accounting

##### *General Fund*

The General Fund accounts for the Foundation's administrative and fundraising activities. This Fund also reports bequests, legacies and unspecified donations received for which there is no restrictions attached by the donor. Funds that are internally restricted have been designated by the Foundation for specific uses. Board restricted resources can be made available for other purposes.

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2017

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### 2. Summary of significant accounting policies (continued)

#### Fund accounting (continued)

##### *Restricted Funds*

Funds that are externally restricted are subject to externally imposed instructions specifying how the funds are to be used.

Funds that are internally restricted include resources subject to internally imposed restrictions of the Foundation's management and board.

Endowment funds are contributions externally restricted by the donor which must be retained in perpetuity.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

#### Employee future benefits

All eligible employees participate in a multi-employer defined benefit pension plan. Defined contribution plan accounting has been applied to the plan as the Foundation has insufficient information to apply defined benefit plan accounting. Accordingly, the Foundation's contributions are expensed in the year in which the services are rendered, and represent its total pension obligation.

#### Capital assets

Capital assets are recorded at cost other than donated assets, which are recorded at their estimated fair market value upon receipt. Minor asset purchases are expensed as acquired. Rates and bases of amortization applied to write-off the cost less estimated salvage value of capital assets over their estimated useful lives are as follows:

Furniture and equipment, office improvements and donor wall	- 5 years, straight line
Website	- 3 years, straight line

Artwork is recorded at cost and is not subject to amortization.

#### Donations and bequests

Donations of goods and services are recorded at fair market value. Donations and bequests are recorded when the donated amount is determinable and receipt or collection is reasonably assured. The Foundation annually receives a significant amount of volunteer services. The value of volunteer time and facilities and services provided by the Authority are not recorded due to the difficulty in valuing such services.

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2017

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, investments, receivables, and accounts payables and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis if there are indicators 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.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the year. Actual results could differ from these estimates.

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### 3. Cash and cash equivalents

Cash and cash equivalents include \$8,793 (2016: nil) of externally restricted cash that is eligible for BC Gaming Commission expenditures only.

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### 4. Investments, at fair value

The components of investments are as follows:

	<u>2017</u>	<u>2016</u>
Fixed income	\$ 10,413,512	\$ 9,308,480
Equities	<u>3,698,458</u>	<u>2,730,215</u>
	<u>\$ 14,111,970</u>	<u>\$ 12,038,695</u>

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2017

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### 5. Life insurance policies

The Foundation has been named owner and beneficiary of \$82,000 (2016: \$82,000) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2017 is \$71,923 (2016: \$69,465). The annual premiums are treated as donations from the insured parties. Revenue and premium expense in the amount of \$1,115 (2016: \$1,029) are reflected in the financial statements.

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### 6. Capital assets

			<u>2017</u>		<u>2016</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>		<u>Net book value</u>
Land	\$ 450,967	\$ -	\$ 450,967	\$	450,967
Furniture and equipment	29,562	25,144	4,418		9,799
Office improvements	3,260	3,260	-		-
Artwork	10,996	-	10,996		10,996
Donor wall	107,595	53,395	54,200		2,049
Computer equipment	7,773	1,294	6,479		-
Website	53,414	32,626	20,788		1,455
	<u>\$ 663,567</u>	<u>\$ 115,719</u>	<u>\$ 547,848</u>	<u>\$</u>	<u>475,266</u>

In 1996, the Foundation received certain land as part of a bequest from the Estate of George Mure Wood Graham.

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### 7. Endowments

	<u>2017</u>		<u>2016</u>
Gerald G. and Lottie Few Fund	\$ 93,364	\$	93,364
Iverson Fund	133,660		133,660
Hannah E. Rodwell Fund	140,301		140,301
Enid Blakeney Fund	1,780,000		-
	<u>\$ 2,147,325</u>	<u>\$</u>	<u>367,325</u>

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### 8. Fall campaign

	<u>2017</u>		<u>2016</u>
Income	\$ 947,150	\$	887,302
Expense	(146,086)		(110,617)
Bequests	(247,960)		(529,259)
	<u>\$ 553,104</u>	<u>\$</u>	<u>247,426</u>

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2017

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<b>9. Fundraising events</b>	<u>2017</u>	<u>2016</u>
Golf tournament		
Income	\$ 52,232	\$ 60,304
Expense	<u>34,537</u>	<u>40,707</u>
	<u>17,695</u>	<u>19,597</u>
Gala		
Income	85,680	97,743
Expense	<u>43,627</u>	<u>44,706</u>
	<u>42,053</u>	<u>53,037</u>
Total		
Income	137,912	158,047
Expense	<u>78,164</u>	<u>85,413</u>
	<u>\$ 59,748</u>	<u>\$ 72,634</u>

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### 10. Employee future benefits

The Foundation and its employees contribute to the Municipal Pension Plan. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits on behalf of employers and employees in accordance with the Public Sector Pension Plans Act and the Municipal Pension Plan Rules. The risks and rewards associated with the Plan's unfunded liability or surplus are shared between the employers and the Plan's members and may be reflected in their future contributions. Based on the most recent actuarial valuation as of December 2015, the Municipal Pension Plan is in a surplus position.

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### 11. Interfund transfers

During the year, \$2,279,169 (2016: \$1,276,857) of unrestricted donations were internally restricted from the general fund to the internally restricted fund by the Foundation towards various fundraising campaigns. \$2,562,410 (2016: \$1,655,719) of internally restricted funds were transferred from the internally restricted fund to the general fund for distribution to the Saanich Peninsula Hospital. \$250,000 (2016: nil) of unrestricted donations were internally restricted to the endowment fund for the Enid Blakeney Fund.

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2017

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### 12. Allocated expenses

It is the practice of the Foundation to allocate salaries, wages and benefits of the executive director, the administrative assistant and certain contractor support costs between administration, fundraising, and charitable purposes. This allocation is based on management estimate of resource requirements by each individual function as follows:

	<u>Administration</u>	<u>Fundraising</u>	<u>Charitable Purposes</u>
Executive director	50%	35%	15%
Administrative assistant	50%	35%	15%
Contractor expenses	50%	35%	15%

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### 13. Risk management

In the normal course of operations, the Foundation is exposed to interest rate risk, market risk and credit risk. The Foundation's primary risk management objective is to protect earnings and cash flow, and ultimately to continue to raise funds to meet the objectives of the Saanich Peninsula Hospital. Risks are managed within limits established by the Foundation's Board of Directors and implemented by management. These risks and actions taken to manage them are as follows:

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Foundation's main interest rate exposure relates to its investments that are invested in money market funds. It minimizes their exposure to interest rate risk whenever possible by utilizing a conservative investment policy.

#### Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Foundation's main market risk is in the equity fund investments that it owns which are traded on the public market. The Foundation manages this risk by maintaining a conservatively diversified portfolio and investing a small portion of its investments in equity funds traded on public markets.

#### Credit risk

Credit risk arises from the possibility that a debtor is unable to discharge its obligations to the Foundation in a timely manner. The Foundation minimizes its risk through regular monitoring and follow-up of its outstanding receivables.

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# **Saanich Peninsula Hospital Foundation**

## **Notes to the Financial Statements**

March 31, 2017

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### **14. British Columbia Societies Act remuneration disclosure**

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, and certain employees and contractors who are paid at least \$75,000 annually. During the year, the Foundation did not pay their directors nor did it have any contractors paid in excess of \$75,000. The Foundation paid \$113,598 in remuneration to one individual who is an employee, whose remuneration, during the applicable period, was at least \$75,000.

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### **15. Comparative figures**

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

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## Saanich Peninsula Hospital Foundation Schedule of Expenditures

Year ended March 31	2017	2016
<b>Administration</b>		
Salaries and benefits	\$ 160,361	\$ 110,478
Professional fees	51,900	59,211
Professional development	26,847	26,754
Office and stationery	20,782	21,065
Computer, software and training	11,556	12,908
Amortization	19,718	3,690
Dues and membership	4,274	3,124
Contractor support	-	595
Graham Land Project	1,954	-
	<u>\$ 297,392</u>	<u>\$ 237,825</u>
<b>Fundraising</b>		
Salaries and benefits	\$ 112,252	\$ 124,624
Advertising	57,979	58,422
Project support (newsletter/campaign)	26,483	18,198
Travel and subsistence	11,128	8,202
Life insurance premiums	1,115	1,029
Contractor	-	595
	<u>\$ 208,957</u>	<u>\$ 211,070</u>
<b>Charitable purpose</b>		
Salaries and benefits	\$ 48,108	\$ 42,428
Volunteer Appreciation	2,402	6,866
SPH Employee Appreciation	6,612	6,377
	<u>\$ 57,122</u>	<u>\$ 55,671</u>

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## Saanich Peninsula Hospital Foundation Schedule of Fund Transfers

Year ended March 31	2017	2016
Activation	\$ 4,385	\$ 13,137
Acute care	255,551	159,044
Capital equipment		
CT scanner	2,121,786	717,112
Diagnostic lab	2,382	508
ECU renovation	242,692	50,819
Operating room	113,158	70,259
Pre and post operating	-	221,717
Chapel	-	6,040
Chaplain support	9,689	11,229
Day surgery	11,933	20,930
Doctor of the day	125,625	191,741
Education	26,250	24,712
Employee wellness	(683)	1,842
ER	81,202	21,219
Equipment	933	-
Garden fund	54,478	66,361
Music therapy	47,152	44,635
Nursing ECU	2,933	194
Other	913	2,243
Palliative care	59,419	17,419
PHCI	1,000	37,134
South wing	-	17,052
Sterilization	176,174	41,279
Totem project	-	81,399
Volunteer services	11,103	5,156
	<u>\$ 3,348,076</u>	<u>\$ 1,823,181</u>

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