



Financial Statements

Saanich Peninsula Hospital Foundation

March 31, 2018

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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, 2018, 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, 2018, 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 Societies 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
September 10, 2018



Chartered Professional Accountants

Saanich Peninsula Hospital Foundation

Statement of Operations

Year ended March 31

	General	Externally Restricted	Endowment	Total 2018	Total 2017
Revenue					
Donations in kind	\$ -	\$ -	\$ -	\$ -	\$ 4,175
Fall Campaign, net (Note 8)	945,975	-	-	945,975	553,104
Donations	151,957	609,309	-	761,266	688,803
Bequests	729,429	336,746	-	1,066,175	3,124,629
Life insurance proceeds	-	-	-	-	1,115
Golf tournament, net (Note 9)	7,001	-	-	7,001	17,695
Gala, net (Note 9)	22,657	-	-	22,657	42,053
Other events	200	-	-	200	10,760
	<u>1,857,219</u>	<u>946,055</u>	<u>-</u>	<u>2,803,274</u>	<u>4,442,334</u>
Interest and dividends	336,136	53,645	-	389,781	304,880
Unrealized gains (loss) on investments	(100,256)	(26,711)	-	(126,967)	434,602
Realized (loss) gains on investments	134,838	-	-	134,838	(505)
Membership	485	-	-	485	425
Increase in cash surrender values	2,970	-	-	2,970	2,458
Rental income (net) and other revenue	30,483	-	-	30,483	5,903
	<u>2,261,875</u>	<u>972,989</u>	<u>-</u>	<u>3,234,864</u>	<u>5,190,097</u>
Expenditures					
Administration (Page 14)	388,514	-	-	388,514	297,392
Fundraising (Page 14)	214,288	-	-	214,288	208,957
Charitable purpose (Page 14)	57,697	-	-	57,697	57,122
Transfer to Saanich Peninsula Hospital (Page 15)	3,330,609	155,458	-	3,486,067	3,348,076
	<u>3,991,108</u>	<u>155,458</u>	<u>-</u>	<u>4,146,566</u>	<u>3,911,547</u>
(Deficiency) excess of revenue over expenditures	\$ (1,729,233)	\$ 817,531	\$ -	\$ (911,702)	\$ 1,278,550

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation Statement of Changes in Fund Balances

Year ended March 31

	General Fund	Internally Restricted	Externally Restricted	Endowment Fund	Total 2018	Total 2017
Fund balances, beginning of year	\$ 8,948,139	-	6,121,210	2,147,325	\$ 17,216,674	\$ 15,938,124
(Deficiency) excess of revenue over expenditures	(1,729,233)	-	817,531	-	(911,702)	1,278,550
Interfund transfers (Note 11)	-	-	-	-	-	-
Fund balances, end of year	<u>\$ 7,218,906</u>	<u>\$ -</u>	<u>\$ 6,938,741</u>	<u>\$ 2,147,325</u>	<u>\$ 16,304,972</u>	<u>\$ 17,216,674</u>

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation

Statement of Financial Position

March 31

	<u>2018</u>	<u>2017</u>
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 3,015,895	\$ 2,407,230
Investments, at fair value (Note 4)	13,032,235	14,111,970
Bequests and other receivables	51,736	192,296
Accrued interest	25,713	26,310
Prepaid expenses	<u>11,029</u>	<u>22,218</u>
	16,136,608	16,760,024
Cash surrender value of life insurance policies (Note 5)	74,893	71,923
Capital assets (Note 6)	<u>557,435</u>	<u>547,848</u>
	\$ 16,768,936	\$ 17,379,795
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ <u>463,964</u>	\$ <u>163,121</u>
Fund Balances		
Externally restricted	6,938,741	6,121,210
Endowments (Note 7)	2,147,325	2,147,325
Internally restricted (Note 11)	-	-
General	<u>7,218,906</u>	<u>8,948,139</u>
	16,304,972	17,216,674
	\$ 16,768,936	\$ 17,379,795

On behalf of the Board:



Director



Director

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation

Statement of Cash Flows

Year ended March 31

	<u>2018</u>	<u>2017</u>
Cash provided by (used in):		
Operations		
(Deficiency) excess of revenue over expenditures	\$ (911,702)	\$ 1,278,550
Amortization	36,116	19,718
Unrealized loss (gain) on investments	126,967	(434,602)
Realized loss (gain) on investments	(134,838)	505
Increase in cash surrender value of life insurance policies	(2,970)	(2,458)
Changes in non-cash operating working capital	<u>453,189</u>	<u>563,822</u>
	<u>(433,238)</u>	<u>1,425,535</u>
Investing		
Purchase of capital assets	(45,704)	(92,300)
Proceeds from disposition of investments	1,282,233	6,704,482
Purchase of investments	<u>(194,626)</u>	<u>(8,343,660)</u>
	<u>1,041,903</u>	<u>(1,731,478)</u>
Increase (decrease) in cash and cash equivalents	608,665	(305,943)
Cash and cash equivalents, beginning of year	<u>2,407,230</u>	<u>2,713,173</u>
Cash and cash equivalents, end of year	<u>\$ 3,015,895</u>	<u>\$ 2,407,230</u>
Changes in non-cash operating working capital		
Bequests and other receivables	140,560	1,213,763
Accrued interest	597	12,683
Prepaid expenses	11,189	10,851
Accounts payable and accrued liabilities	300,843	(673,475)
	<u>-</u>	<u>-</u>
	<u>\$ 453,189</u>	<u>\$ 563,822</u>

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

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.

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 with no restrictions on how it is to be spent is recorded to the General Fund as earned. Investment income subject to restrictions on how it is to be spent is recorded to the restricted 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.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

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.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

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.

3. Cash and cash equivalents

Cash and cash equivalents include \$16,295 (2017: 8,793) of externally restricted cash that is eligible for BC Gaming Commission expenditures only.

4. Investments, at fair value

The components of investments are as follows:

	<u>2018</u>	<u>2017</u>
Fixed income	\$ 8,232,589	\$ 10,413,512
Equities	<u>4,799,646</u>	<u>3,698,458</u>
	<u>\$ 13,032,235</u>	<u>\$ 14,111,970</u>

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

5. Life insurance policies

The Foundation has been named owner and beneficiary of \$82,000 (2017: \$82,000) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2018 is \$74,893 (2017: \$71,923).

6. Capital assets

			<u>2018</u>	<u>2017</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	40,241	29,731	10,510	4,418
Office improvements	6,341	3,620	2,721	-
Artwork	10,996	-	10,996	10,996
Donor wall	107,595	65,312	42,283	54,200
Computer equipment	15,315	4,115	11,200	6,479
Website	77,815	49,057	28,758	20,788
	<u>\$ 709,270</u>	<u>\$ 151,835</u>	<u>\$ 557,435</u>	<u>\$ 547,848</u>

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

7. Endowments

	<u>2018</u>	<u>2017</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	1,780,000
	<u>\$ 2,147,325</u>	<u>\$ 2,147,325</u>

8. Fall campaign

	<u>2018</u>	<u>2017</u>
Income	\$ 1,110,119	\$ 699,190
Expense	(164,144)	(146,086)
	<u>\$ 945,975</u>	<u>\$ 553,104</u>

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

9. Fundraising events	<u>2018</u>	<u>2017</u>
Golf tournament		
Income	\$ 37,493	\$ 52,232
Expense	<u>30,492</u>	<u>34,537</u>
	<u>7,001</u>	<u>17,695</u>
Gala		
Income	58,240	85,680
Expense	<u>35,583</u>	<u>43,627</u>
	<u>22,657</u>	<u>42,053</u>
Total		
Income	95,733	137,912
Expense	<u>66,075</u>	<u>78,164</u>
	<u>\$ 29,658</u>	<u>\$ 59,748</u>

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.

11. Interfund transfers

During the year, \$1,413,915 (2017: \$2,279,169) of unrestricted donations were internally restricted from the general fund to the internally restricted fund by the Foundation towards various fundraising campaigns. \$1,413,915 (2017: \$2,562,410) of internally restricted funds were transferred from the internally restricted fund to the general fund for distribution to the Saanich Peninsula Hospital.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

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%

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.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2018

14. British Columbia Societies Act remuneration disclosure

Under the British Columbia Societies Act there is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year the Society paid no remuneration to directors.

During the year, the Society paid \$126,155 in remuneration to one employee, whose remuneration, during the applicable period, was at least \$75,000.

Saanich Peninsula Hospital Foundation Schedule of Expenditures

Year ended March 31	2018	2017
Administration		
Salaries and benefits	\$ 158,125	\$ 160,361
Professional fees	100,107	51,900
Professional development	21,496	26,847
Office and stationery	29,662	20,782
Computer, software and training	26,564	11,556
Amortization	36,116	19,718
Dues and membership	1,761	4,274
Contractor support	2,028	-
Graham Land Project	12,655	1,954
	\$ 388,514	\$ 297,392
Fundraising		
Salaries and benefits	\$ 110,985	\$ 112,252
Advertising	75,396	57,979
Project support (newsletter/campaign)	20,792	26,483
Travel and subsistence	5,087	11,128
Life insurance premiums	-	1,115
Contractor	2,028	-
	\$ 214,288	\$ 208,957
Charitable purpose		
Salaries and benefits	\$ 47,990	\$ 48,108
Volunteer Appreciation	2,486	2,402
SPH Employee Appreciation	7,221	6,612
	\$ 57,697	\$ 57,122

Saanich Peninsula Hospital Foundation

Schedule of Fund Transfers

Year ended March 31	2018	2017
Activation	\$ -	\$ 4,385
Acute care	127,426	255,551
Capital equipment		
Acute Care	152,064	-
CT scanner	-	2,121,786
Diagnostic lab	-	2,382
ECU renovation	465,837	242,692
Emergency room	1,583,865	-
Operating room	72,630	113,158
Physiotherapy	301	-
Pre and post operating	-	-
Chapel	-	-
Chaplain support	12,367	9,689
Day surgery	1,248	11,933
Doctor of the day	108,489	125,625
Education	30,603	26,250
Employee wellness	-	(683)
ER	2,882	81,202
Equipment	-	933
Garden fund	438	54,478
Music therapy	25,005	47,152
Nursing ECU	249	2,933
Other	22,421	913
Palliative care	96,700	59,419
PHCI	-	1,000
PHCP	326,756	-
South wing	-	-
Sterilization	456,576	176,174
Totem project	-	-
Volunteer services	209	11,104
	\$ 3,486,067	\$ 3,348,076