



Financial Statements

Saanich Peninsula Hospital Foundation

March 31, 2019

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Independent Auditors' Report

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To the members of Saanich Peninsula Hospital Foundation

Opinion

We have audited the financial statements of the Saanich Peninsula Hospital Foundation (“the Foundation”), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows 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 Saanich Peninsula Hospital Foundation as at March 31, 2019, and 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 report. We are independent of the Organization 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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 scepticism 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 Organization'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 Organization'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 Organization 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.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the account principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Victoria, Canada
August 23, 2019



Chartered Professional Accountants

Saanich Peninsula Hospital Foundation

Statement of Operations

Year ended March 31

	General	Externally Restricted	Endowment	Total 2019	Total 2018
Revenue					
Donations in kind	\$ 135	\$ 20,765	\$ -	\$ 20,900	\$ -
Fall Campaign, net (Note 8)	501,960	-	-	501,960	945,975
Donations	1,367,046	82,910	503,660	1,953,616	761,266
Bequests	2,090,825	180,173	-	2,270,998	1,066,175
Fundraising events (Note 9)	66,108	-	-	66,108	29,658
Other events	741	-	-	741	200
	<u>4,026,815</u>	<u>283,848</u>	<u>503,660</u>	<u>4,814,323</u>	<u>2,803,274</u>
Interest and dividends	351,442	69,477	-	420,919	389,781
Unrealized gains (loss) on investments	128,586	(22,679)	-	105,907	(126,967)
Realized gains on investments	80,419	-	-	80,419	134,838
Increase in cash surrender values	1,917	-	-	1,917	2,970
Rental income (net) and other revenue	26,372	-	-	26,372	30,968
	<u>4,615,551</u>	<u>330,646</u>	<u>503,660</u>	<u>5,449,857</u>	<u>3,234,864</u>
Expenditures					
Administration (Page 14)	467,114	-	-	467,114	388,514
Fundraising (Page 14)	234,845	-	-	234,845	214,288
Charitable purpose (Page 14)	84,117	-	-	84,117	57,697
Transfer to Saanich Peninsula Hospital (Page 15)	3,007,124	257,951	-	3,265,075	3,486,067
	<u>3,793,200</u>	<u>257,951</u>	<u>-</u>	<u>4,051,151</u>	<u>4,146,566</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 822,351</u>	<u>\$ 72,695</u>	<u>\$ 503,660</u>	<u>\$ 1,398,706</u>	<u>\$ (911,702)</u>

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation Statement of Changes in Fund Balances

Year ended March 31

	<u>General Fund</u>	<u>Externally Restricted</u>	<u>Endowment Fund</u>	<u>Total 2019</u>	<u>Total 2018</u>
Fund balances, beginning of year	\$ 7,218,906	6,938,741	2,147,325	\$ 16,304,972	\$ 17,216,674
Excess (deficiency) of revenue over expenditures	<u>822,351</u>	<u>72,695</u>	<u>503,660</u>	<u>1,398,706</u>	<u>(911,702)</u>
Fund balances, end of year	<u>\$ 8,041,257</u>	<u>\$ 7,011,436</u>	<u>\$ 2,650,985</u>	<u>\$ 17,703,678</u>	<u>\$ 16,304,972</u>

See accompanying notes to the financial statements.


Saanich Peninsula Hospital Foundation

Statement of Financial Position

March 31

	<u>2019</u>	<u>2018</u>
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 3,041,801	\$ 3,015,895
Investments, at fair value (Note 4)	13,998,879	13,032,235
Bequests and other receivables	266,174	51,736
Accrued interest	9,474	25,713
Prepaid expenses	<u>20,160</u>	<u>11,029</u>
	17,336,488	16,136,608
Cash surrender value of life insurance policies (Note 5)	<u>76,810</u>	74,893
Capital assets (Note 6)	<u>526,048</u>	<u>557,435</u>
	\$ 17,939,346	\$ 16,768,936
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ <u>235,668</u>	\$ <u>463,964</u>
Fund Balances		
Externally restricted	<u>7,011,436</u>	6,938,741
Endowments (Note 7)	<u>2,650,985</u>	2,147,325
General	<u>8,041,257</u>	<u>7,218,906</u>
	17,703,678	16,304,972
	\$ 17,939,346	\$ 16,768,936

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>2019</u>	<u>2018</u>
Cash provided by (used in):		
Operations		
Excess (deficiency) of revenue over expenditures	\$ 1,398,706	\$ (911,702)
Amortization	37,207	36,116
Loss on disposal of capital asset	943	-
Unrealized (gain) loss on investments	(105,907)	126,967
Realized loss (gain) on investments	(80,419)	(134,838)
Increase in cash surrender value of life insurance policies	(1,917)	(2,970)
Changes in non-cash operating working capital	<u>(435,626)</u>	<u>453,189</u>
	<u>812,987</u>	<u>(433,238)</u>
Investing		
Purchase of capital assets	(12,673)	(45,704)
Proceeds from disposition of capital assets	5,910	-
Proceeds from disposition of investments	1,293,053	1,282,233
Purchase of investments	<u>(2,073,371)</u>	<u>(194,626)</u>
	<u>(787,081)</u>	<u>1,041,903</u>
Increase in cash and cash equivalents	25,906	608,665
Cash and cash equivalents, beginning of year	<u>3,015,895</u>	<u>2,407,230</u>
Cash and cash equivalents, end of year	\$ <u>3,041,801</u>	\$ <u>3,015,895</u>
Changes in non-cash operating working capital		
Bequests and other receivables	(214,438)	140,560
Accrued interest	16,239	597
Prepaid expenses	(9,131)	11,189
Accounts payable and accrued liabilities	<u>(228,296)</u>	<u>300,843</u>
	\$ <u>(435,626)</u>	\$ <u>453,189</u>

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2019

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, 2019

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, 2019

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 \$Nil (2018: 16,295) 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>2019</u>	<u>2018</u>
Fixed income	\$ 3,336,867	\$ 8,232,589
Equities	<u>10,662,012</u>	<u>4,799,646</u>
	<u>\$ 13,998,879</u>	<u>\$ 13,032,235</u>

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2019

5. Life insurance policies

The Foundation has been named owner and beneficiary of \$82,000 (2018: \$82,000) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2019 is \$76,810 (2018: \$74,893).

6. Capital assets

			<u>2019</u>	<u>2018</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	45,278	34,118	11,160	10,510
Office improvements	6,341	4,236	2,105	2,721
Artwork	5,088	-	5,088	10,996
Donor wall	108,508	77,275	31,233	42,283
Computer equipment	19,862	6,694	13,168	11,200
Website	77,815	65,488	12,327	28,758
	<u>\$ 713,859</u>	<u>\$ 187,811</u>	<u>\$ 526,048</u>	<u>\$ 557,435</u>

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

7. Endowments

	<u>2019</u>	<u>2018</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
Florence Yong Scholarship Fund	503,660	-
Enid Blakeney Fund	1,780,000	1,780,000
	<u>\$ 2,650,985</u>	<u>\$ 2,147,325</u>

8. Fall campaign

	<u>2019</u>	<u>2018</u>
Income	\$ 699,018	\$ 1,110,118
Expense	<u>(197,058)</u>	<u>(164,143)</u>
	<u>\$ 501,960</u>	<u>\$ 945,975</u>

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2019

9. Fundraising events	<u>2019</u>	<u>2018</u>
Golf tournament		
Income	\$ -	\$ 37,493
Expense	-	30,492
	<u>-</u>	<u>7,001</u>
Gala		
Income	92,686	58,240
Expense	37,049	35,583
	<u>55,637</u>	<u>22,657</u>
Bed races		
Income	38,731	-
Expense	28,260	-
	<u>10,471</u>	<u>-</u>
Total		
Income	131,417	95,733
Expense	65,309	66,075
	<u>\$ 66,108</u>	<u>\$ 29,658</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 2018, the Municipal Pension Plan is in a surplus position.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2019

11. 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%

12. 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, 2019

13. British Columbia Societies Act remuneration disclosure

On November 28, 2016 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 \$136,831 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	2019	2018
Administration		
Salaries and benefits	\$ 196,423	\$ 158,125
Professional fees	106,440	100,107
Professional development	34,518	21,496
Office and stationery	39,930	29,662
Computer, software and training	29,041	26,564
Amortization	37,207	36,116
Loss on disposal of asset	943	-
Dues and membership	4,431	1,761
Contractor support	-	2,028
Bad debts	7,706	-
Graham Land Project	10,475	12,655
	<u>\$ 467,114</u>	<u>\$ 388,514</u>
Fundraising		
Salaries and benefits	\$ 137,496	\$ 110,985
Advertising	57,246	75,396
Project support (newsletter/campaign)	36,116	20,792
Travel and subsistence	3,987	5,087
Contractor	-	2,028
	<u>\$ 234,845</u>	<u>\$ 214,288</u>
Charitable purpose		
Salaries and benefits	\$ 58,927	\$ 47,990
Volunteer Appreciation	13,642	2,486
SPH Employee Appreciation	11,548	7,221
	<u>\$ 84,117</u>	<u>\$ 57,697</u>

Saanich Peninsula Hospital Foundation Schedule of Fund Transfers

Year ended March 31	2019	2018
Activation	\$ 8,295	\$ -
Acute care	19,326	127,426
Capital equipment		
Acute Care	14,784	152,064
Diagnostic lab	9,690	-
ECU renovation	354,664	465,837
Emergency room	1,412,571	1,583,866
Operating room	29,837	72,630
Physiotherapy	1,740	301
Chapel	17,557	-
Chaplain support	-	12,367
Community healthcare	15,000	-
Day surgery	-	1,248
Doctor of the day	92,239	108,489
Education	28,757	30,603
ER	-	2,882
Equipment	12,470	-
Garden fund	208,180	438
Music therapy	28,685	25,005
Nursing ECU	109	249
Other	565	22,421
Palliative care	11,691	96,700
PHCP	981,696	326,756
Sterilization	299	456,576
Totem project	14,500	-
Volunteer services	2,420	209
	\$ 3,265,075	\$ 3,486,067