



## Financial Statements

Saanich Peninsula Hospital and Healthcare  
Foundation

March 31, 2020

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# Independent Auditors' Report

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To the members of Saanich Peninsula Hospital and Healthcare Foundation

## Opinion

We have audited the financial statements of the Saanich Peninsula Hospital and Healthcare Foundation (“the Foundation”), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances 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 and Healthcare Foundation as at March 31, 2020, 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  
July 23, 2020



# Saanich Peninsula Hospital and Healthcare Foundation

## Statement of Operations

Year ended March 31

	General	Externally Restricted	Endowment	Total 2020	Total 2019
<b>Revenue</b>					
Donations in kind	\$ 3,500	\$ 1,000	\$ -	\$ 4,500	\$ 20,900
Fall Campaign, net (Note 7)	853,922	-	-	853,922	501,960
Donations	200,953	168,218	-	369,171	1,953,616
Bequests	908,349	285,933	-	1,194,282	2,270,998
Fundraising events (Note 8)	97,175	-	-	97,175	66,108
Other events	(18,785)	-	-	(18,785)	741
	<u>2,045,114</u>	<u>455,151</u>	<u>-</u>	<u>2,500,265</u>	<u>4,814,323</u>
Interest and dividends	364,909	72,795	-	437,704	420,919
Unrealized (loss) gain on investments	(537,328)	(260,917)	-	(798,245)	105,907
Realized gains on investments	50,808	-	-	50,808	80,419
Increase in cash surrender values	2,342	-	-	2,342	1,917
Rental income (net) and other revenue	21,628	-	-	21,628	26,372
	<u>1,947,473</u>	<u>267,029</u>	<u>-</u>	<u>2,214,502</u>	<u>5,449,857</u>
<b>Expenditures</b>					
Administration (Page 14)	460,748	-	-	460,748	467,114
Fundraising (Page 14)	333,905	-	-	333,905	234,845
Charitable purpose (Page 14)	72,566	-	-	72,566	84,117
Transfer to qualified donees (Page 15)	2,305,298	1,210,340	-	3,515,638	3,265,075
	<u>3,172,517</u>	<u>1,210,340</u>	<u>-</u>	<u>4,382,857</u>	<u>4,051,151</u>
(Deficiency) excess of revenue over expenditures	\$ (1,225,044)	\$ (943,311)	\$ -	\$ (2,168,355)	\$ 1,398,706

See accompanying notes to the financial statements.

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## Saanich Peninsula Hospital and Healthcare Foundation

### Statement of Changes in Fund Balances

Year ended March 31

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	<u>General Fund</u>	<u>Externally Restricted</u>	<u>Endowment Fund</u>	<u>Total 2020</u>	<u>Total 2019</u>
Fund balances, beginning of year	\$ 8,041,257	7,011,436	2,650,985	\$ 17,703,678	\$ 16,304,972
(Deficiency) excess of revenue over expenditures	<u>(1,225,044)</u>	<u>(943,311)</u>	<u>-</u>	<u>(2,168,355)</u>	<u>1,398,706</u>
Fund balances, end of year	<u>\$ 6,816,213</u>	<u>\$ 6,068,125</u>	<u>\$ 2,650,985</u>	<u>\$ 15,535,323</u>	<u>\$ 17,703,678</u>

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See accompanying notes to the financial statements.

# Saanich Peninsula Hospital and Healthcare Foundation

## Statement of Financial Position

March 31

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 3,134,011	\$ 3,041,801
Investments, at fair value (Note 3)	12,719,066	13,998,879
Bequests and other receivables	87,549	266,174
Accrued interest	24,963	9,474
Prepaid expenses	13,986	20,160
	<u>15,979,575</u>	<u>17,336,488</u>
Cash surrender value of life insurance policies (Note 4)	79,152	76,810
Capital assets (Note 5)	498,163	526,048
	<u>\$ 16,556,890</u>	<u>\$ 17,939,346</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 1,021,567	\$ 235,668
<b>Fund Balances</b>		
Externally restricted	6,068,125	7,011,436
Endowments (Note 6)	2,650,985	2,650,985
General	6,816,213	8,041,257
	<u>15,535,323</u>	<u>17,703,678</u>
	<u>\$ 16,556,890</u>	<u>\$ 17,939,346</u>

On behalf of the Board:



Director

DocuSigned by:  
Shelley Mann  
11E988C2056C471

Director

See accompanying notes to the financial statements.

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## Saanich Peninsula Hospital and Healthcare Foundation

### Statement of Cash Flows

Year ended March 31

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	2020	2019
Cash provided by (used in):		
<b>Operations</b>		
(Deficiency) excess of revenue over expenditures	\$ (2,168,355)	\$ 1,398,706
Amortization	32,377	37,207
Loss on disposal of capital asset	-	943
Unrealized loss (gain) on investments	798,245	(105,907)
Realized gains on investments	(50,808)	(80,419)
Increase in cash surrender value of life insurance policies	(2,342)	(1,917)
Changes in non-cash operating working capital	955,209	(435,626)
	<b>(435,674)</b>	812,987
<b>Investing</b>		
Purchase of capital assets	(4,492)	(12,673)
Proceeds from disposition of capital assets	-	5,910
Proceeds from disposition of investments	797,966	1,293,053
Purchase of investments	(265,590)	(2,073,371)
	<b>527,884</b>	(787,081)
Increase in cash and cash equivalents	<b>92,210</b>	25,906
Cash and cash equivalents, beginning of year	<b>3,041,801</b>	3,015,895
Cash and cash equivalents, end of year	<b>\$ 3,134,011</b>	\$ 3,041,801
<hr/>		
Changes in non-cash operating working capital		
Bequests and other receivables	178,625	(214,438)
Accrued interest	(15,489)	16,239
Prepaid expenses	6,174	(9,131)
Accounts payable and accrued liabilities	785,899	(228,296)
	<b>\$ 955,209</b>	\$ (435,626)

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See accompanying notes to the financial statements.



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# Saanich Peninsula Hospital and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

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### 1. Authority and purpose

The Saanich Peninsula Hospital and Healthcare 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 other such organizations carrying on healthcare activities in the Saanich Peninsula that are qualified donees under the provisions of the Income Tax Act of Canada 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”).

#### Adoption of new accounting standards

On April 1, 2020, the Foundation adopted new accounting standard Section 4433 *Tangible capital assets held by not-for-profit organizations*. The most significant requirements include:

- Tangible capital assets must be separated into their component parts, when practicable, and when estimates can be made of the lives of the separate components;
- Tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization’s ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts; and
- Additional disclosures when an impairment has occurred.

The adoption of this new accounting standard has been applied prospectively. The adoption of this standard did not have any impact on the financial statements for the year ended March 31, 2020.

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# Saanich Peninsula Hospital and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

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

#### 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.

##### *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.

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# Saanich Peninsula Hospital and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

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

#### 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.

#### 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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# Saanich Peninsula Hospital and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

### 3. Investments, at fair value

The components of investments are as follows:

	<u>2020</u>	<u>2019</u>
Fixed income	\$ 8,827,406	\$ 7,384,760
Equities	<u>3,891,660</u>	<u>6,614,119</u>
	<u>\$ 12,719,066</u>	<u>\$ 13,998,879</u>

### 4. Life insurance policies

The Foundation has been named owner and beneficiary of \$82,000 (2019: \$82,000) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2020 is \$79,152 (2019: \$76,810).

### 5. Capital assets

			<u>2020</u>	<u>2019</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	37,261	8,017	11,160
Office improvements	8,771	5,056	3,715	2,105
Artwork	5,088	-	5,088	5,088
Donor wall	108,508	89,375	19,133	31,233
Computer equipment	21,924	10,701	11,223	13,168
Website	<u>77,815</u>	<u>77,795</u>	<u>20</u>	<u>12,327</u>
	<u>\$ 718,351</u>	<u>\$ 220,188</u>	<u>\$ 498,163</u>	<u>\$ 526,048</u>

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

### 6. Endowments

	<u>2020</u>	<u>2019</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	503,660
Enid Blakeney Fund	<u>1,780,000</u>	<u>1,780,000</u>
	<u>\$ 2,650,985</u>	<u>\$ 2,650,985</u>

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# Saanich Peninsula Hospital and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

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<b>7. Fall campaign</b>	<u>2020</u>	<u>2019</u>
Income	\$ 1,035,253	\$ 699,018
Expense	<u>181,331</u>	<u>197,058</u>
	<u>\$ 853,922</u>	<u>\$ 501,960</u>

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<b>8. Fundraising events</b>	<u>2020</u>	<u>2019</u>
Gala		
Income	\$ 118,491	\$ 92,686
Expense	<u>40,436</u>	<u>37,049</u>
	<b>78,055</b>	55,637
Bed races		
Income	50,837	38,731
Expense	<u>31,717</u>	<u>28,260</u>
	<b>19,120</b>	10,471
Total		
Income	<b>169,328</b>	131,417
Expense	<u>72,153</u>	<u>65,309</u>
	<b>\$ 97,175</b>	\$ 66,108

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### 9. 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.

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# Saanich Peninsula Hospital and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

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### 10. 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>
President & CEO	45%	45%	10%
Administrative assistant	45%	45%	10%
Contractor expenses	45%	45%	10%

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### 11. 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 and Healthcare Foundation

## Notes to the Financial Statements

March 31, 2020

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### 12. 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 \$139,722 in remuneration to one employee, whose remuneration, during the applicable period, was at least \$75,000.

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### 13. Impact of COVID-19

Since December 31, 2019 the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In response to the spread of COVID-19, the Foundation closed its physical offices in March 2020 and the staff began working remotely. The fair market value of the Foundation's investment portfolio was negatively impacted by the economic slowdown caused by the spread of COVID-19.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Foundation for future period.

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## Saanich Peninsula Hospital and Healthcare Foundation

### Schedule of Expenditures

Year ended March 31	2020	2019
<b>Administration</b>		
Salaries and benefits	\$ 228,123	\$ 196,423
Professional fees	93,722	106,440
Professional development	23,059	34,518
Office and stationery	41,279	39,930
Computer, software and training	33,532	29,041
Amortization	32,377	37,207
Loss on disposal of asset	-	943
Dues and membership	4,966	4,431
Bad debts	3,000	7,706
Graham Land Project	690	10,475
	<b>\$ 460,748</b>	<b>\$ 467,114</b>
<b>Fundraising</b>		
Salaries and benefits	\$ 228,123	\$ 137,496
Advertising	70,514	57,246
Project support (newsletter/campaign)	32,351	36,116
Travel and subsistence	2,917	3,987
	<b>\$ 333,905</b>	<b>\$ 234,845</b>
<b>Charitable purpose</b>		
Salaries and benefits	\$ 50,694	\$ 58,927
Volunteer Appreciation	1,583	13,642
SPH Employee Appreciation	20,289	11,548
	<b>\$ 72,566</b>	<b>\$ 84,117</b>

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## Saanich Peninsula Hospital and Healthcare Foundation Schedule of Fund Transfers

Year ended March 31	2020	2019
Activation	\$ 16,859	\$ 8,295
Acute care	24,718	19,326
Capital equipment		
Acute Care	45,303	14,784
Diagnostic lab	-	9,690
ECU renovation	505,678	354,664
Emergency room	33,375	1,412,571
Operating room	685,355	29,837
Physiotherapy	-	1,740
Chapel	7,794	17,557
Chaplain support	15,000	-
Community healthcare	72,056	15,000
Day surgery	29,165	-
Doctor of the day	85,165	92,239
Education	65,222	28,757
Emergency room	131	-
Equipment	50	12,470
Garden fund	380,340	208,180
Music therapy	30,927	28,685
Nursing ECU	-	109
Other	66,866	565
Palliative care	210,437	11,691
Primary Health Care Project	1,169,869	981,696
Physician lounge	52,122	-
Sterilization	-	299
Totem project	16,000	14,500
Volunteer services	3,206	2,420
	<b>\$ 3,515,638</b>	<b>\$ 3,265,075</b>