



Financial Statements

Saanich Peninsula Hospital Foundation

March 31, 2014

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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, 2014, 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 is sufficient and appropriate to provide a basis for our audit opinion.

#### Basis for qualified opinion

In common with many not-for-profit organizations, the Saanich Peninsula Hospital Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, and cash flows from operations for the years ended March 31, 2014 and 2013, current assets as at March 31, 2014 and 2013, and net assets as at April 1 2013 and 2012 and March 31, 2014 and 2013. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

#### Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Saanich Peninsula Hospital Foundation as at March 31, 2014, 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.

Victoria, Canada  
September 25, 2014



Chartered accountants

# Saanich Peninsula Hospital Foundation

## Statement of Operations

Year ended March 31

	General	Externally Restricted	Endowment Fund	Total 2014	Total 2013
<b>Revenue</b>					
Donations in kind	\$ 350,889	\$ 6,090	\$ -	\$ 356,979	\$ 243,686
Fall Campaign, net (Note 8)	1,023,617	-	-	1,023,617	742,101
Donations	1,446,372	787,303	-	2,233,675	2,155,989
Life insurance proceeds	500,000	-	-	500,000	65,403
Golf tournament, net (Note 9)	25,869	-	-	25,869	31,156
Gala, net (Note 9)	53,003	-	-	53,003	47,170
	<u>3,399,750</u>	<u>793,393</u>	<u>-</u>	<u>4,193,143</u>	<u>3,285,505</u>
Interest and dividends	217,517	-	-	217,517	158,655
Market value adjustment	116,174	-	-	116,174	59,852
Realized capital gains	91,887	-	-	91,887	71,911
Membership	520	-	-	520	345
Increase (decrease) in cash surrender values	3,576	-	-	3,576	(408)
Rental income (net) and other revenue	(945)	-	-	(945)	336
	<u>3,828,479</u>	<u>793,393</u>	<u>-</u>	<u>4,621,872</u>	<u>3,576,196</u>
<b>Expenditures</b>					
Administration (Page 13)	175,264	-	-	175,264	187,041
Fundraising (Page 14)	179,278	-	-	179,278	274,821
Charitable purpose (Page 15)	42,620	-	-	42,620	40,504
Transfer to Saanich Peninsula Hospital (Page 16)	1,577,038	92,397	-	1,669,435	3,193,800
	<u>1,974,200</u>	<u>92,397</u>	<u>-</u>	<u>2,066,597</u>	<u>3,696,166</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 1,854,279</u>	<u>\$ 700,996</u>	<u>\$ -</u>	<u>\$ 2,555,275</u>	<u>\$ (119,970)</u>

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>Total 2014</u>	<u>Total 2013</u>
Fund balances, beginning of year	\$ 4,649,189	\$ 376,496	\$ 3,898,310	\$ 367,325	<b>\$ 9,291,320</b>	\$ 9,411,290
Excess (deficiency) of revenue over expenditures	1,854,279	-	700,996	-	<b>2,555,275</b>	(119,970)
Interfund transfers	<u>(657,483)</u>	<u>657,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<b><u>\$ 5,845,985</u></b>	<b><u>\$ 1,033,979</u></b>	<b><u>\$ 4,599,306</u></b>	<b><u>\$ 367,325</u></b>	<b><u>\$ 11,846,595</u></b>	<b><u>\$ 9,291,320</u></b>

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See accompanying notes to the financial statements.

# Saanich Peninsula Hospital Foundation

## Statement of Financial Position

March 31

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 3)	\$ 2,529,224	\$ 2,119,017
Investments, at fair value (Note 4)	8,773,663	6,643,938
Bequests and other receivables	37,228	200,962
Accrued interest	15,761	14,504
Prepaid expenses	<u>7,958</u>	<u>8,292</u>
	11,363,834	8,986,713
Cash surrender value of life insurance policies (Note 5)	64,368	60,792
Capital assets (Note 6)	<u>479,748</u>	<u>470,983</u>
	<u>\$ 11,907,950</u>	<u>\$ 9,518,488</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	<u>\$ 61,355</u>	<u>\$ 227,168</u>
<b>Fund Balances</b>		
Externally restricted	4,599,306	3,898,310
Endowments (Note 7)	367,325	367,325
Internally restricted	1,033,979	376,496
General	<u>5,845,985</u>	<u>4,649,189</u>
	<u>11,846,595</u>	<u>9,291,320</u>
	<u>\$ 11,907,950</u>	<u>\$ 9,518,488</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>2014</u>	<u>2013</u>
Cash provided by (used in):		
<b>Operations</b>		
Excess (deficiency) of revenue over expenditures	\$ 2,555,275	\$ (119,970)
Amortization	5,294	3,949
Unrealized gain (loss) on investments	116,174	(59,852)
Realized capital gain	91,887	(71,911)
(Increase) decrease in cash surrender value of life insurance policies	(3,576)	408
Changes in non-cash operating working capital	<u>(3,000)</u>	<u>(188,840)</u>
	<u>2,762,054</u>	<u>(436,216)</u>
<b>Investing</b>		
Purchase of capital assets	(14,061)	(5,304)
(Increase) decrease in investments	<u>(2,337,786)</u>	<u>2,320,408</u>
	<u>(2,351,847)</u>	<u>2,315,104</u>
Increase in cash and cash equivalents	410,207	1,878,888
Cash and cash equivalents, beginning of year	<u>2,119,017</u>	<u>240,129</u>
Cash and cash equivalents, end of year	\$ <u>2,529,224</u>	\$ <u>2,119,017</u>
<b>Changes in non-cash operating working capital</b>		
Accounts receivable	163,734	(111,391)
Accrued interest on investments	(1,257)	12,321
Prepaid expenses	334	5,755
Accounts payable	<u>(165,811)</u>	<u>(95,525)</u>
	\$ <u>(3,000)</u>	\$ <u>(188,840)</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, 2014

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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 CICA Accounting 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, 2014

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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.

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:

Computer equipment, furniture and equipment, office improvements and donor wall	5 years, straight line
Website and computer software	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, 2014

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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, accounts payables and accrued liabilities, and government remittances.

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.

If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

#### 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 externally restricted cash that is eligible for BC Gaming Commission expenditures only.

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2014

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#### 4. Investments, at fair value

The components of investments are as follows:

	<u>2014</u>	<u>2013</u>
Fixed income	\$ 6,347,883	\$ 4,945,848
Equities	<u>2,425,780</u>	<u>1,698,090</u>
	<u>\$ 8,773,663</u>	<u>\$ 6,643,938</u>

The Foundation's investments are carried at fair value. Investment income recorded includes unrealized gains of \$116,174 (2013: \$49,042) on the year-end balance of its investments.

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#### 5. Life insurance policies

The Foundation has been named owner and beneficiary of \$133,714 (2013: \$633,714) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2014 is \$64,367 (2013: \$60,792). The annual premiums are treated as donations from the insured parties. Revenue and premium expense in the amount of \$0 (2013: \$65,403) are reflected in the financial statements.

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#### 6. Capital assets

			<u>2014</u>	<u>2013</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	14,251	15,311	4,112
Office improvements	3,260	3,260	-	-
Artwork	6,996	-	6,996	6,996
Donor wall	48,008	44,805	3,203	4,004
Website	<u>28,474</u>	<u>25,203</u>	<u>3,271</u>	<u>4,905</u>
	<u>\$ 567,267</u>	<u>\$ 87,519</u>	<u>\$ 479,748</u>	<u>\$ 470,984</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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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2014

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<b>7. Endowment funds</b>	<u>2014</u>	<u>2013</u>
Gerald G. and Lottie Few Fund	\$ 93,364	\$ 93,364
Iverson Fund	133,660	133,660
Hannah E. Rodwell Fund	<u>140,301</u>	<u>140,301</u>
	<u>\$ 367,325</u>	<u>\$ 367,325</u>

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<b>8. Fall campaign</b>	<u>2014</u>	<u>2013</u>
Income	\$ 1,123,531	\$ 820,336
Expense	<u>99,915</u>	<u>78,235</u>
	<u>\$ 1,023,617</u>	<u>\$ 742,101</u>

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<b>9. Fundraising events</b>	<u>2014</u>	<u>2013</u>
Golf tournament		
Income	\$ 58,168	\$ 59,437
Expense	<u>32,299</u>	<u>28,281</u>
	<u>25,869</u>	31,156
Gala		
Income	86,593	81,102
Expense	<u>33,590</u>	<u>33,933</u>
	<u>53,003</u>	47,169
Total		
Income	144,761	140,539
Expense	<u>65,889</u>	<u>62,214</u>
	<u>\$ 78,872</u>	<u>\$ 78,325</u>

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2014

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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>
Executive director	40%	45%	15%
Administrative assistant	40%	45%	15%
Contractor expenses	40%	45%	15%

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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 Foundation Schedule of Administration Expenditures

Year ended March 31	2014	2013
Salaries and benefits	\$ 85,944	\$ 84,828
Professional fees	32,434	29,092
Office and stationery	22,361	20,583
Computer, software and training	9,737	7,645
Graham Land Project	8,384	904
Professional development	8,160	8,262
Amortization	5,294	3,949
Dues and membership	2,145	2,026
Other	572	3,448
Contractor support	233	26,304
	<u>\$ 175,264</u>	<u>\$ 187,041</u>

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## Saanich Peninsula Hospital Foundation Schedule of Fundraising Expenditures

Year ended March 31	2014	2013
Salaries and benefits	\$ 96,688	\$ 95,429
Advertising	54,400	37,304
Project support (newsletter/campaign)	18,447	32,173
Travel and subsistence	9,743	3,956
Life insurance premiums	-	65,403
Contractor	-	40,556
	<u>\$ 179,278</u>	<u>\$ 274,821</u>

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## Saanich Peninsula Hospital Foundation

### Schedule of Charitable Purpose Expenditures

Year ended March 31	2014	2013
Salaries and benefits	\$ 32,230	\$ 31,811
SPH Employee Appreciation	10,238	8,693
Volunteer Appreciation	<u>152</u>	<u>-</u>
	<u>\$ 42,620</u>	<u>\$ 40,504</u>

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## Saanich Peninsula Hospital Foundation Schedule of Fund Transfers

Year ended March 31	2014	2013
Activation	\$ -	\$ 6,335
Acute care	25,802	166,853
Auxillary Gift Shop Renovation	23,856	12,522
Bereavement Program	181	928
Capital equipment		
CT Scanner	8,788	-
Diagnostic lab	2,847	-
ECU renovation	314,123	165,042
ER Equipment	5,400	-
Lab and Imaging	16,361	-
Operating room	671,364	61,063
Physio Equipment	4,000	-
Chapel	12,768	1,270
Chaplain support	15,210	10,023
Education	26,357	15,448
Equipment	50,106	22,403
Garden fund	3,034	3,130
Music therapy	34,307	28,709
Nursing ECU	8,361	4,343
Operating Room Renovation		2,521,103
Other	360	-
Palliative care	7,075	3,579
PARR	265,762	9,355
South Wing	163,370	137,641
Sundry	769	4,515
Volunteer services	9,235	19,538
	<u>\$ 1,669,435</u>	<u>\$ 3,193,800</u>