



Financial Statements

Saanich Peninsula Hospital Foundation

March 31, 2015

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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, 2015, 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, 2015, 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 17, 2015

Grant Thornton LLP

Chartered Professional Accountants

Saanich Peninsula Hospital Foundation

Statement of Operations

Year ended March 31

	<u>General</u>	<u>Externally Restricted</u>	<u>Endowment Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
Revenue					
Donations in kind	\$ 128,610	\$ 75,896	\$ -	\$ 204,506	\$ 356,979
Fall Campaign, net (Note 8)	1,375,969	-	-	1,375,969	1,023,617
Donations	1,713,955	243,256	-	1,957,211	2,233,675
Life insurance proceeds	955	-	-	955	500,000
Golf tournament, net (Note 9)	31,648	-	-	31,648	25,869
Gala, net (Note 9)	51,835	-	-	51,835	53,003
	<u>3,302,972</u>	<u>319,152</u>	<u>-</u>	<u>3,622,124</u>	<u>4,193,143</u>
Interest and dividends	242,185	-	-	242,185	217,517
Unrealized gains on investments	430,810	-	-	430,810	116,174
Realized gains on investments	60,102	-	-	60,102	91,887
Membership	510	-	-	510	520
Increase in cash surrender values	2,556	-	-	2,556	3,576
Rental income (net) and other revenue	(1,348)	-	-	(1,348)	(1,755)
	<u>4,037,787</u>	<u>319,152</u>	<u>-</u>	<u>4,356,939</u>	<u>4,621,062</u>
Expenditures					
Administration (Page 13)	225,814	-	-	225,814	174,454
Fundraising (Page 13)	204,559	-	-	204,559	179,278
Charitable purpose (Page 13)	49,359	-	-	49,359	42,620
Transfer to Saanich Peninsula Hospital (Page 14)	1,936,601	158,520	-	2,095,121	1,669,435
	<u>2,416,333</u>	<u>158,520</u>	<u>-</u>	<u>2,574,853</u>	<u>2,065,787</u>
Excess of revenue over expenditures	\$ <u>1,621,454</u>	\$ <u>160,632</u>	\$ <u>-</u>	\$ <u>1,782,086</u>	\$ <u>2,555,275</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>Internally Restricted</u>	<u>Externally Restricted</u>	<u>Endowment Fund</u>	<u>Total 2015</u>	<u>Total 2014</u>
Fund balances, beginning of year	\$ 5,845,985	\$ 1,033,979	\$ 4,599,306	\$ 367,325	\$ 11,846,595	\$ 9,291,320
Excess of revenue over expenditures	1,621,454	-	160,632	-	1,782,086	2,555,275
Interfund transfers (Note 11)	<u>371,876</u>	<u>(371,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,839,315</u>	<u>\$ 662,103</u>	<u>\$ 4,759,938</u>	<u>\$ 367,325</u>	<u>\$ 13,628,681</u>	<u>\$ 11,846,595</u>

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation

Statement of Financial Position

March 31

	<u>2015</u>	<u>2014</u>
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 2,633,954	\$ 2,529,224
Investments, at fair value (Note 4)	10,406,716	8,773,663
Bequests and other receivables	75,759	37,228
Accrued interest	41,536	15,761
Prepaid expenses	9,435	7,958
	<u>13,167,400</u>	<u>11,363,834</u>
Cash surrender value of life insurance policies (Note 5)	66,924	64,368
Capital assets (Note 6)	478,956	479,748
	<u>\$ 13,713,280</u>	<u>\$ 11,907,950</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 79,599	\$ 61,355
Deferred revenue	5,000	-
	<u>84,599</u>	<u>61,355</u>
Fund Balances		
Externally restricted	4,759,938	4,599,306
Endowments (Note 7)	367,325	367,325
Internally restricted	662,103	1,033,979
General	7,839,315	5,845,985
	<u>13,628,681</u>	<u>11,846,595</u>
	<u>\$ 13,713,280</u>	<u>\$ 11,907,950</u>

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>2015</u>	<u>2014</u>
Cash provided by (used in):		
Operations		
Excess of revenue over expenditures	\$ 1,782,086	\$ 2,555,275
Amortization	5,275	5,294
Unrealized gain on investments	430,810	116,174
Realized gain on investments	60,102	91,887
Increase in cash surrender value of life insurance policies	(2,556)	(3,576)
Changes in non-cash operating working capital	<u>(42,539)</u>	<u>(3,000)</u>
	<u>2,233,178</u>	<u>2,762,054</u>
Investing		
Purchase of capital assets	(4,000)	(14,061)
Proceeds from disposition of investments	770,507	1,671,783
Purchase of investments	<u>(2,894,472)</u>	<u>(4,009,569)</u>
	<u>(2,127,965)</u>	<u>(2,351,847)</u>
Increase in cash and cash equivalents	105,213	410,207
Cash and cash equivalents, beginning of year	<u>2,529,224</u>	<u>2,119,017</u>
Cash and cash equivalents, end of year	\$ <u>2,634,437</u>	\$ <u>2,529,224</u>
Changes in non-cash operating working capital		
Bequests and other receivables	(38,531)	163,734
Accrued interest	(25,775)	(1,257)
Prepaid expenses	(1,477)	334
Accounts payable and accrued liabilities	18,244	(165,811)
Deferred revenue	<u>5,000</u>	<u>-</u>
	\$ <u>(42,539)</u>	\$ <u>(3,000)</u>

See accompanying notes to the financial statements.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2015

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 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.

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2015

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, 2015

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.

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 \$11,501 (2014: \$3,376) 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>2015</u>	<u>2014</u>
Fixed income	\$ 7,620,164	\$ 6,347,883
Equities	<u>2,786,552</u>	<u>2,425,780</u>
	<u>\$ 10,406,716</u>	<u>\$ 8,773,663</u>

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2015

5. Life insurance policies

The Foundation has been named owner and beneficiary of \$82,000 (2014: \$133,714) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2015 is \$66,924 (2014: \$64,368). The annual premiums are treated as donations from the insured parties. Revenue and premium expense in the amount of \$955 (2014: \$ nil) are reflected in the financial statements.

6. Capital assets

			<u>2015</u>	<u>2014</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	17,313	12,249	15,311
Office improvements	3,260	3,260	-	-
Artwork	10,996	-	10,996	6,996
Donor wall	48,008	45,446	2,562	3,203
Website	28,474	26,292	2,182	3,271
	<u>\$ 571,267</u>	<u>\$ 92,311</u>	<u>\$ 478,956</u>	<u>\$ 479,748</u>

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

7. Endowments

	<u>2015</u>	<u>2014</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
	<u>\$ 367,325</u>	<u>\$ 367,325</u>

8. Fall campaign

	<u>2015</u>	<u>2014</u>
Income	\$ 1,507,758	\$ 1,123,532
Expense	131,789	99,915
	<u>\$ 1,375,969</u>	<u>\$ 1,023,617</u>

Saanich Peninsula Hospital Foundation

Notes to the Financial Statements

March 31, 2015

9. Fundraising events	<u>2015</u>	<u>2014</u>
Golf tournament		
Income	\$ 61,896	\$ 58,168
Expense	<u>30,248</u>	<u>32,299</u>
	<u>31,648</u>	<u>25,869</u>
Gala		
Income	86,743	86,593
Expense	<u>34,908</u>	<u>33,590</u>
	<u>51,835</u>	<u>53,003</u>
Total		
Income	148,639	144,761
Expense	<u>65,156</u>	<u>65,889</u>
	<u>\$ 83,483</u>	<u>\$ 78,872</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 2012, the Municipal Pension Plan has an unfunded liability which is being addressed through an increased employer contribution rate effective July 1, 2015. Portions of any surplus or deficiency are not attributed to individual employers.

11. Interfund transfers

During the year, \$1,563,406 (2014: \$2,233,752) of unrestricted donations were internally restricted from the general fund to the internally restricted fund by the Foundation towards various fundraising campaigns. \$1,935,282 (2014: \$1,576,269) 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, 2015

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	40%	45%	15%
Administrative assistant	40%	45%	15%
Contractor expenses	40%	45%	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

Schedule of Expenditures

Year ended March 31

2015

2014

Administration

Salaries and benefits	\$	100,843	\$	85,944
Professional fees		62,292		32,434
Office and stationery		23,170		22,361
Computer, software and training		12,608		9,737
Professional development		9,117		8,160
Contractor support		5,950		233
Graham Land Project		5,275		8,384
Amortization		4,792		5,294
Dues and membership		1,767		2,145
Other		-		(238)
	\$	<u>225,814</u>	\$	<u>174,454</u>

Fundraising

Salaries and benefits	\$	113,448	\$	96,688
Advertising		52,165		54,400
Project support (newsletter/campaign)		19,072		18,447
Contractor		11,050		-
Travel and subsistence		7,869		9,743
Life insurance premiums		955		-
	\$	<u>204,559</u>	\$	<u>179,278</u>

Charitable purpose

Salaries and benefits	\$	37,816	\$	32,230
SPH Employee Appreciation		8,069		10,238
Volunteer Appreciation		3,474		152
	\$	<u>49,359</u>	\$	<u>42,620</u>

Saanich Peninsula Hospital Foundation Schedule of Fund Transfers

Year ended March 31	2015	2014
Activation	\$ 2,300	\$ -
Acute care	140,679	25,802
Auxillary gift shop renovation	-	23,856
Bereavement program	-	181
Capital equipment		
CT scanner	26,733	8,788
Diagnostic lab	17,472	2,847
ECU renovation	195,387	314,123
ER equipment	-	5,400
Lab and imaging	-	16,361
Operating room	317,497	671,364
Physio equipment	4,337	4,000
Pre and post operating	1,175,437	-
Chapel	1,150	12,768
Chaplain support	13,043	15,210
Doctor of the day	31,875	-
Education	30,480	26,357
Employee wellness	2,013	-
ER	13,397	-
Equipment	123	50,106
Garden fund	353	3,034
Music therapy	-	34,307
Nursing ECU	2,699	8,361
Nursing emergency	1,273	-
Other	-	360
Palliative care	36,759	7,075
PARR	-	265,762
PHCP	11,460	-
South wing	2,090	163,370
Sterilization	9,861	-
Sundry	2,531	769
Totem project	47,759	-
Volunteer services	8,413	9,234
	\$ 2,095,121	\$ 1,669,435