



Financial Statements

Saanich Peninsula Hospital Foundation

March 31, 2016

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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, 2016, 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, 2016, 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 8, 2016



Chartered Professional Accountants

# Saanich Peninsula Hospital Foundation

## Statement of Operations

Year ended March 31

	General	Externally Restricted	Total 2016	Total 2015
<b>Revenue</b>				
Donations in kind	\$ 914,017	\$ 13,135	\$ 927,152	\$ 204,506
Fall Campaign, net (Note 8)	223,813	-	223,813	805,362
Donations	993,307	106,277	1,099,584	339,123
Bequests	2,019,696	-	2,019,696	2,188,695
Life insurance proceeds	1,029	-	1,029	955
Golf tournament, net (Note 9)	19,597	-	19,597	31,648
Gala, net (Note 9)	76,650	-	76,650	51,835
	<u>4,248,109</u>	<u>119,412</u>	<u>4,367,521</u>	<u>3,622,124</u>
Interest and dividends	309,911	-	309,911	242,185
Unrealized (loss) gains on investments	(352,902)	-	(352,902)	430,810
Realized gains on investments	78,727	-	78,727	60,102
Realized gain on disposal of real estate	231,076	-	231,076	-
Membership	405	-	405	510
Increase in cash surrender values	2,541	-	2,541	2,556
Rental income (net) and other revenue	(89)	-	(89)	(1,348)
	<u>4,517,778</u>	<u>119,412</u>	<u>4,637,190</u>	<u>4,356,939</u>
<b>Expenditures</b>				
Administration (Page 13)	237,825	-	237,825	225,814
Fundraising (Page 13)	211,070	-	211,070	204,559
Charitable purpose (Page 13)	55,671	-	55,671	49,359
Transfer to Saanich Peninsula Hospital (Page 14)	1,657,081	166,100	1,823,181	2,095,121
	<u>2,161,647</u>	<u>166,100</u>	<u>2,327,747</u>	<u>2,574,853</u>
Excess of revenue over expenditures	\$ 2,356,131	\$ (46,688)	\$ 2,309,443	\$ 1,782,086

See accompanying notes to the financial statements.

## Saanich Peninsula Hospital Foundation Statement of Changes in Fund Balances

Year ended March 31

	General Fund	Internally Restricted	Externally Restricted	Endowment Fund	Total 2016	Total 2015
Fund balances, beginning of year	\$ 7,839,315	\$ 662,103	\$ 4,759,938	\$ 367,325	\$ 13,628,681	\$ 11,846,595
Excess of revenue over expenditures	2,356,131	-	(46,688)	-	2,309,443	1,782,086
Interfund transfers (Note 11)	378,862	(378,862)	-	-	-	-
Fund balances, end of year	<u>\$ 10,574,308</u>	<u>\$ 283,241</u>	<u>\$ 4,713,250</u>	<u>\$ 367,325</u>	<u>\$ 15,938,124</u>	<u>\$ 13,628,681</u>

See accompanying notes to the financial statements.

# Saanich Peninsula Hospital Foundation

## Statement of Financial Position

March 31

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current		
Cash and cash equivalents (Note 3)	\$ 2,713,173	\$ 2,633,954
Investments, at fair value (Note 4)	12,038,695	10,406,716
Bequests and other receivables	1,406,059	75,759
Accrued interest	38,993	41,536
Prepaid expenses	<u>33,069</u>	<u>9,435</u>
	<b>16,229,989</b>	13,167,400
Cash surrender value of life insurance policies (Note 5)	69,465	66,924
Capital assets (Note 6)	<u>475,266</u>	<u>478,956</u>
	<b>\$ 16,774,720</b>	<b>\$ 13,713,280</b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 836,596	\$ 79,599
Deferred revenue	<u>-</u>	<u>5,000</u>
	<b>836,596</b>	<b>84,599</b>
<b>Fund Balances</b>		
Externally restricted	4,713,250	4,759,938
Endowments (Note 7)	367,325	367,325
Internally restricted	283,241	662,103
General	<u>10,574,308</u>	<u>7,839,315</u>
	<b>15,938,124</b>	<b>13,628,681</b>
	<b>\$ 16,774,720</b>	<b>\$ 13,713,280</b>

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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	2016	2015
Cash provided by (used in):		
<b>Operations</b>		
Excess of revenue over expenditures	\$ 2,309,443	\$ 1,782,086
Amortization	3,690	4,792
Unrealized (loss) gain on investments	(352,902)	430,810
Realized gain on investments	78,727	60,102
Realized gain on disposal of real estate	231,076	-
Increase in cash surrender value of life insurance policies	(2,541)	(2,556)
Changes in non-cash operating working capital	(599,394)	(42,539)
	1,668,099	2,232,695
<b>Investing</b>		
Purchase of capital assets	-	(4,000)
Proceeds from disposition of investments	6,898,680	770,507
Purchase of investments	(8,487,560)	(2,894,472)
	(1,588,880)	(2,127,965)
Increase in cash and cash equivalents	79,219	104,730
Cash and cash equivalents, beginning of year	2,633,954	2,529,224
Cash and cash equivalents, end of year	\$ 2,713,173	\$ 2,633,954
<hr/>		
Changes in non-cash operating working capital		
Bequests and other receivables	(1,330,300)	(38,531)
Accrued interest	2,543	(25,775)
Prepaid expenses	(23,634)	(1,477)
Accounts payable and accrued liabilities	756,997	18,244
Deferred revenue	(5,000)	5,000
	\$ (599,394)	\$ (42,539)

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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, 2016

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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, 2016

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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.

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.

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2016

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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.

#### 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 \$ nil (2015: \$11,501) of externally restricted cash that is eligible for BC Gaming Commission expenditures only.

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### 4. Investments, at fair value

The components of investments are as follows:

	<u>2016</u>	<u>2015</u>
Fixed income	\$ 9,308,480	\$ 7,620,164
Equities	<u>2,730,215</u>	<u>2,786,552</u>
	<u>\$ 12,038,695</u>	<u>\$ 10,406,716</u>

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2016

### 5. Life insurance policies

The Foundation has been named owner and beneficiary of \$82,000 (2015: \$82,000) of death benefit in life insurance policies. The cash surrender value of the life insurance policies at March 31, 2016 is \$69,465 (2015: \$66,924). The annual premiums are treated as donations from the insured parties. Revenue and premium expense in the amount of \$1,029 (2015: \$955) are reflected in the financial statements.

### 6. Capital assets

			<u>2016</u>	<u>2015</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	19,763	9,799	12,249
Office improvements	3,260	3,260	-	-
Artwork	10,996	-	10,996	10,996
Donor wall	48,008	45,959	2,049	2,562
Website	28,474	27,019	1,455	2,182
	<u>\$ 571,267</u>	<u>\$ 96,001</u>	<u>\$ 475,266</u>	<u>\$ 478,956</u>

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

### 7. Endowments

	<u>2016</u>	<u>2015</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>2016</u>	<u>2015</u>
Income	\$ 887,302	\$ 1,507,758
Expense	(134,230)	(131,789)
Bequests	(529,259)	(570,607)
	<u>\$ 223,813</u>	<u>\$ 805,362</u>

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2016

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<b>9. Fundraising events</b>	<u>2016</u>	<u>2015</u>
Golf tournament		
Income	\$ 60,304	\$ 61,896
Expense	<u>40,707</u>	<u>30,248</u>
	<u>19,597</u>	<u>31,648</u>
Gala		
Income	97,743	86,743
Expense	<u>21,093</u>	<u>34,908</u>
	<u>76,650</u>	<u>51,835</u>
Total		
Income	158,047	148,639
Expense	<u>61,800</u>	<u>65,156</u>
	<u>\$ 96,247</u>	<u>\$ 83,483</u>

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### 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.

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### 11. Interfund transfers

During the year, \$1,276,857 (2015: \$1,563,406) of unrestricted donations were internally restricted from the general fund to the internally restricted fund by the Foundation towards various fundraising campaigns. \$1,655,719 (2015: \$1,935,282) of internally restricted funds were transferred from the internally restricted fund to the general fund for distribution to the Saanich Peninsula Hospital.

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# Saanich Peninsula Hospital Foundation

## Notes to the Financial Statements

March 31, 2016

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### 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%

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### 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.

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### 14. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

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## Saanich Peninsula Hospital Foundation Schedule of Expenditures

Year ended March 31	2016	2015
<b>Administration</b>		
Salaries and benefits	\$ 110,478	\$ 100,843
Professional fees	59,211	62,292
Professional development	26,754	9,117
Office and stationery	21,065	23,170
Computer, software and training	12,908	12,608
Amortization	3,690	4,792
Dues and membership	3,124	1,767
Contractor support	595	5,950
Graham Land Project	-	5,275
	<b>\$ 237,825</b>	<b>\$ 225,814</b>
<b>Fundraising</b>		
Salaries and benefits	\$ 124,624	\$ 113,448
Advertising	58,422	52,165
Project support (newsletter/campaign)	18,198	19,072
Travel and subsistence	8,202	7,869
Life insurance premiums	1,029	955
Contractor	595	11,050
	<b>\$ 211,070</b>	<b>\$ 204,559</b>
<b>Charitable purpose</b>		
Salaries and benefits	\$ 42,428	\$ 37,816
Volunteer Appreciation	6,866	3,474
SPH Employee Appreciation	6,377	8,069
	<b>\$ 55,671</b>	<b>\$ 49,359</b>

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## Saanich Peninsula Hospital Foundation Schedule of Fund Transfers

Year ended March 31	2016	2015
Activation	\$ 13,137	\$ 2,300
Acute care	159,044	140,679
Capital equipment		
CT scanner	717,112	26,733
Diagnostic lab	508	17,472
ECU renovation	50,819	195,387
Operating room	70,259	317,497
Physio equipment	-	4,337
Pre and post operating	221,717	1,175,437
Chapel	6,040	1,150
Chaplain support	11,229	13,043
Day surgery	20,930	-
Doctor of the day	191,741	31,875
Education	24,712	30,480
Employee wellness	1,842	2,013
ER	21,219	13,397
Equipment	-	123
Garden fund	66,361	353
Music therapy	44,635	-
Nursing ECU	194	2,699
Nursing emergency	-	1,273
Other	2,243	-
Palliative care	17,419	36,759
PHCP	37,134	11,460
South wing	17,052	2,090
Sterilization	41,279	9,861
Sundry	-	2,531
Totem project	81,399	47,759
Volunteer services	5,156	8,413
	<b>\$ 1,823,181</b>	<b>\$ 2,095,121</b>