

Sechelt Hospital Foundation Society

Financial Statements

December 31, 2018

Sechelt Hospital Foundation Society
Table of Contents

December 31, 2018

	Page
Independent Auditor's Report	2
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 13

Independent Auditor's Report

To the Members of Sechelt Hospital Foundation Society

Qualified Opinion

We have audited the financial statements of Sechelt Hospital Foundation Society, which comprise the statement of financial position as at December 31, 2018, and the statement of operations and changes in fund balances and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, 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 Qualified Opinion

Sechelt Hospital Foundation Society derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenues in excess of expenditures and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 skepticism throughout the audit. We also:

Independent Auditor's Report, continued

- ♦ 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 Society'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 Society'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 Society 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 (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Sechelt, British Columbia
June 3, 2019

Crowe MacKay LLP

Chartered Professional Accountants

Sechelt Hospital Foundation Society
Statement of Financial Position

December 31,	Unrestricted Fund	Restricted Fund	2018	2017
Assets				
Current				
Cash and cash equivalents	\$ 3,061,095	\$ 550,519	\$ 3,611,614	\$ 2,503,549
Sales taxes receivable	2,205	-	2,205	1,997
Marketable securities	917,395	-	917,395	938,911
Prepaid expenses	1,212	-	1,212	4,298
Interfund receivable (Note 8)	-	21,560	21,560	49,566
	3,981,907	572,079	4,553,986	3,498,321
Tangible capital assets (Note 3)	376,350	-	376,350	395,304
Art collection (Note 4)	63,849	-	63,849	-
	\$ 4,422,106	\$ 572,079	\$ 4,994,185	\$ 3,893,625
Liabilities				
Current				
Accounts payable and accrued liabilities	\$ 58,676	\$ -	\$ 58,676	\$ 16,895
Interfund payable (Note 8)	21,560	-	21,560	49,566
	80,236	-	80,236	66,461
Fund balances				
Invested in tangible capital assets (Note 3)	376,350	-	376,350	395,303
Externally restricted (Note 5)	-	572,079	572,079	29,815
Internally restricted (Note 6)	1,421,378	-	1,421,378	953,874
Unrestricted	2,544,142	-	2,544,142	2,448,172
	4,341,870	572,079	4,913,949	3,827,164
	\$ 4,422,106	\$ 572,079	\$ 4,994,185	\$ 3,893,625

Approved on behalf of the Board

Director



Director



Sechelt Hospital Foundation Society
Statement of Operations

	Unrestricted Fund	Restricted Fund	2018	2017
For the year ended December 31				
Revenue				
Donations - designated	\$ -	\$ 573,424	\$ 573,424	\$ 17,403
Donations - non-designated	776,573	-	776,573	277,492
Investment income (Note 9)	39,658	-	39,658	119,464
Fundraising	103,297	-	103,297	-
	919,528	573,424	1,492,952	414,359
Expenditures				
Operating				
Amortization	18,954	-	18,954	18,954
Accounting services	10,710	-	10,710	10,867
Governance and board development	1,712	-	1,712	1,839
Insurance	4,161	-	4,161	2,098
Office and administration	7,638	-	7,638	10,102
Professional fees	10,850	-	10,850	28,384
Wages and benefits (Note 10)	23,468	-	23,468	20,568
	77,493	-	77,493	92,812
Fund development costs				
Community engagement and marketing	40,946	-	40,946	17,870
Donor recognition	975	-	975	-
Staff development education	1,345	-	1,345	-
Wages and benefits (Note 10)	124,600	-	124,600	86,337
	167,866	-	167,866	104,207
Programs				
Art Program	5,885	-	5,885	-
Education funding	13,215	-	13,215	6,892
Foundation house	26,576	-	26,576	28,957
Fundraising costs	31,223	-	31,223	4,739
MedTalks	4,899	-	4,899	-
Wages and benefits (Note 10)	17,601	-	17,601	15,426
	99,399	-	99,399	56,014
Distributions				
Distributions to specific commitments - external	-	58,909	58,909	95,248
Distributions to specific commitments - internal	2,500	-	2,500	1,938,740
	2,500	58,909	61,409	2,033,988
	347,258	58,909	406,167	2,287,021
Excess (deficiency) of revenues over expenditures	\$ 572,270	\$ 514,515	\$ 1,086,785	\$ (1,872,662)

Sechelt Hospital Foundation Society
Statement of Changes in Fund Balances

	Unrestricted Fund	Restricted Fund	2018	2017
For the year ended December 31				
Balance, beginning of year	\$ 3,797,350	\$ 29,814	\$ 3,827,164	\$ 5,699,826
Excess (deficiency) of revenues over expenditures	572,270	514,515	1,086,785	(1,872,662)
Interfund transfer (Note 7)	(27,750)	27,750	-	-
Balance, ending of year	\$ 4,341,870	\$ 572,079	\$ 4,913,949	\$ 3,827,164

Sechelt Hospital Foundation Society
Statement of Cash Flows

For the year ended December 31,	Unrestricted Fund	Restricted Fund	2018	2017
Operating activities				
Excess (deficiency) of revenues over expenditures	\$ 572,270	\$ 514,515	\$ 1,086,785	\$ (1,872,662)
Adjustments for				
Amortization	18,954	-	18,954	18,954
In-kind contributions to The Art Program	(63,849)	-	(63,849)	-
	(44,895)	-	(44,895)	18,954
	527,375	514,515	1,041,890	(1,853,708)
Change in non-cash working capital items				
Prepaid expenses	3,086	-	3,086	(1,773)
Accounts payable and accrued liabilities	41,781	-	41,781	3,880
Sales taxes receivable	(208)	-	(208)	(275)
	572,034	514,515	1,086,549	(1,851,876)
Investing activities				
Acquisition of capital assets	-	-	-	(50,858)
Disposal (acquisition of marketable securities)	21,516	-	21,516	(36,083)
	593,550	514,515	1,108,065	(1,938,817)
Other				
Interfund transfer	43,377	(43,377)	-	-
Increase (decrease) in cash	636,927	471,138	1,108,065	(1,938,817)
Cash, beginning of year	2,424,168	79,381	2,503,549	4,442,366
Cash, end of year	\$ 3,061,095	\$ 550,519	\$ 3,611,614	\$ 2,503,549

Sechelt Hospital Foundation Society

Notes to the Financial Statements

December 31, 2018

1. Incorporation and purpose

Sechelt Hospital Foundation Society was incorporated on March 18, 1995 under the laws of the Society Act of British Columbia as a not-for-profit organization and has transitioned to the British Columbia Societies act and is a registered charity under the Income Tax Act.

The purpose of the Society is to:

- (a) to raise funds from the community to help enhance the scope and sustain excellence of health care services provided by Vancouver Coastal Health, primarily at Sechelt Hospital and secondarily at other VCH locations across the Sunshine Coast Local Health Area (LHA 46);
- (b) to fund capital facilities and equipment, special projects, medical and scientific research and educational activities aligned, where possible, with the policies, programs and priorities of Vancouver Coastal Health, Sechelt Hospital and the needs of our community;
- (c) to receive, hold and invest bequests, donations, gifts, stocks, bonds, funds and property and to administer and distribute funds, property, endowments, trusts and financial programs for the funding and support of activities of the above;
- (d) to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the powers of the Society.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(a) Basis of accounting

The Society follows fund accounting principles consisting of the following funds:

The Unrestricted Fund accounts for the Society's unspecified donations, fundraising, membership activities and expenses related to the Society's general operations.

The Restricted Fund accounts for the receipt and distributions of specific donations and bequests of the Society.

(b) Cash equivalents

Cash equivalents consist principally of money market funds and other highly liquid interest-bearing instruments with original maturities of three months or less.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies, continued

(c) Financial instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at FMV include investment in securities, which are quoted in active market.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies, continued

(d) Revenue recognition

The Society follows the restricted fund method of accounting for contributions. Restricted and unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable, if the amounts to be received can be reasonably estimated and collection is reasonably assured.

Contributed capital assets or short-term investments are recorded at fair market value at the time of receipt. Interest income is recognized on an accrual basis. Dividend income is recognized when received.

(e) Contributed services

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

(f) Tangible capital assets

Tangible capital assets are accounted for at cost and amortized on the basis of their useful life using the straight-line method and rates or duration:

Buildings	Straight-line	40 years
Computer	Straight-line	5 years
Leasehold improvements	Straight-line	5 years
Computer software	Straight-line	5 years

It is the Society's policy to capitalize capital expenditures greater than \$2,500.

(g) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(h) Income taxes

The Society is exempt from income taxes under section 149 of the Income Tax Act.

(i) Collections

Collections are recorded on the statement of financial position at cost and are not amortized. For items contributed to collections, cost is deemed to be fair value at the date of contribution plus all costs directly attributable to the acquisition of the collection items. Fair value may be estimated using appraisal values.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies, continued

(j) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Tangible capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 228,000	\$ -	\$ 228,000	\$ 228,000
Buildings	259,231	143,617	115,614	122,095
Computer	15,634	10,937	4,697	7,824
Leasehold improvements	46,731	18,692	28,039	37,385
Computer software	16,955	16,955	-	-
	\$ 566,551	\$ 190,201	\$ 376,350	\$ 395,304

4. Art collection

In January of 2018 the Foundation established The Hospital Art Program which includes a permanent collection of donated artwork to enhance the Sechelt Hospital's healing environments. The collection comprises paintings, drawings, photography, prints and other visual art materials. The Art Collection is held for the perpetual benefit of the Sunshine Coast and its citizens.

All art included in the collection is donated to the Society and all art with an approximate value of \$1,000 or greater is appraised by an independent appraiser and the donation is recorded at the appraised amount.

During the year ended December 31, 2018 the Society spent \$5,885 on the administration, installation and maintenance of The Art Program.

There were no disposals of any collection items during the year.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2018

5. Externally restricted net assets (Donor specified)

	2018	2017
Ambulatory	\$ 4,100	\$ 3,100
CADD Pump	-	176
Emergency	11,524	-
Employee Wellness	1,786	6,008
Home Care	1,247	-
Mental Health	540,600	2,488
Obstetrics	-	7,851
Palliative	1,597	1,597
REHAB	2,500	-
Shorncliffe	30	-
Totem Lodge	8,695	8,595
	\$ 572,079	\$ 29,815

6. Internally restricted net assets

	2018	2017
Foundation Office Renovation	\$ 1,929	\$ 1,929
Long-Term Fund	917,395	949,891
Mental Health	502,054	2,054
	\$ 1,421,378	\$ 953,874

7. Interfund transfer

During the year, the Society transferred \$27,750 (2017 - \$15,533) from the unrestricted fund to the restricted fund to reflect specific designations and \$nil (2017 - \$71,130) from the restricted fund to the unrestricted fund to reflect the completion of a designated purpose.

8. Interfund balances

Interfund amounts receivable and payable are non-interest bearing and have no set terms of repayment

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2018

9. Investment income

	2018	2017
Investment income	\$ 70,402	\$ 72,192
Portfolio returns (losses)	(30,744)	47,272
	\$ 39,658	\$ 119,464

10. Management remuneration

Total remuneration, including benefits, for the Society's executive director for the year was \$120,974 (2017 - \$102,823). Total remuneration including benefits to other part time employees of the society total \$44,695 (2017 - \$19,508).

11. Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Society as a result of a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Society's cash and term deposits which are held with one financial institution. It is the current policy of the Board to place funds only with the Sunshine Coast Credit Union. The Province of British Columbia has provided a 100% guarantee of all deposits with British Columbia credit unions which mitigates any credit risk.

Market risk

The market risk associated with the term deposits is reduced to a minimum since these assets are invested in low risk, highly liquid, interest bearing investments, in accordance with the Society's investment policies. The market risk associated with the short-term investments is reduced to a minimum as it is the Society's policy to either liquidate those investments as soon as possible after receipt or if the underlying investments are determined to be appropriately low-risk by the finance committee then the investments are held and monitored on a regular basis until such time as the committee determines to divest of the holdings. The Society is exposed to other price risk through its investments in listed shares for which the value fluctuates with the quoted market price.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.