

**Sechelt Hospital Foundation Society**

**Financial Statements**

**December 31, 2019**

---

**Sechelt Hospital Foundation Society**  
**Table of Contents**

---

**December 31, 2019**

---

	<b>Page</b>
Independent Auditor's Report	2 - 3
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 - 14

## Independent Auditor's Report

To the Members of Sechelt Hospital Foundation Society

### *Opinion*

We have audited the financial statements of (the "Society") , which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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 (ASNPO).

### *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 Society 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.

### *Emphasis of Matter*

We draw attention to Note 2 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

### *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

## Independent Auditor's Report, continued

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:

- 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 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 consolidated 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.

Sechelt, British Columbia  
May 25, 2020

*Crowe MacKay LLP*

Chartered Professional Accountants

**Sechelt Hospital Foundation Society**  
**Statement of Financial Position**

December 31,	Unrestricted Fund	Restricted Fund	2019	2018
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 2,960,711	\$ 933,570	\$ 3,894,281	\$ 3,611,614
Accounts receivable	2,368	-	2,368	-
Sales taxes receivable	3,142	-	3,142	2,205
Marketable securities	989,733	-	989,733	917,395
Prepaid expenses	1,519	-	1,519	1,212
Interfund receivable (Note 8)	-	50,829	50,829	21,560
	<b>3,957,473</b>	<b>984,399</b>	<b>4,941,872</b>	<b>4,553,986</b>
<b>Tangible capital assets (Note 4)</b>	<b>357,395</b>	<b>-</b>	<b>357,395</b>	<b>376,349</b>
<b>Art collection (Note 5)</b>	<b>105,839</b>	<b>-</b>	<b>105,839</b>	<b>63,849</b>
	<b>\$ 4,420,707</b>	<b>\$ 984,399</b>	<b>\$ 5,405,106</b>	<b>\$ 4,994,184</b>

**Liabilities**

<b>Current</b>				
Accounts payable and accrued liabilities	\$ 30,011	\$ -	\$ 30,011	\$ 58,675
Interfund payable (Note 8)	50,829	-	50,829	21,560
	<b>80,840</b>	<b>-</b>	<b>80,840</b>	<b>80,235</b>

**Fund balances**

Invested in tangible capital assets (Note 4)	357,395	-	357,395	376,350
Externally restricted (Note 6)	-	984,399	984,399	572,079
Internally restricted (Note 7)	2,510,723	-	2,510,723	1,421,378
Unrestricted	1,471,749	-	1,471,749	2,544,142
	<b>4,339,867</b>	<b>984,399</b>	<b>5,324,266</b>	<b>4,913,949</b>
	<b>\$ 4,420,707</b>	<b>\$ 984,399</b>	<b>\$ 5,405,106</b>	<b>\$ 4,994,184</b>

**Subsequent event (Note 2)**

Approved on behalf of the Board

Director 

Director 



**Sechelt Hospital Foundation Society**  
**Statement of Operations**

	Unrestricted Fund	Restricted Fund	2019	2018
<b>For the year ended December 31</b>				
<b>Revenues</b>				
Donations - designated	\$ -	\$ 438,616	\$ 438,616	\$ 573,424
Donations - non-designated	304,726	-	304,726	776,573
Investment income (Note 9)	175,763	-	175,763	39,658
Fundraising	6,163	-	6,163	103,297
	<b>486,652</b>	<b>438,616</b>	<b>925,268</b>	<b>1,492,952</b>
<b>Expenditures</b>				
<b>Operating</b>				
Amortization	18,954	-	18,954	18,954
Accounting services	11,463	-	11,463	10,710
Governance and board development	2,785	-	2,785	1,712
Insurance	4,869	-	4,869	4,161
Office and administration	10,076	-	10,076	7,638
Professional fees	13,580	-	13,580	10,850
Wages and benefits (Note 10)	25,580	-	25,580	23,468
	87,307	-	87,307	77,493
<b>Fund development costs</b>				
Community engagement and marketing	21,883	-	21,883	40,946
Donor recognition	3,551	-	3,551	975
Staff development education	3,890	-	3,890	1,345
Wages and benefits (Note 10)	122,541	-	122,541	124,600
	151,865	-	151,865	167,866
<b>Programs</b>				
Art Program (Note 5)	3,360	-	3,360	5,885
Education funding	13,205	-	13,205	13,215
Foundation house	26,793	-	26,793	26,576
Fundraising costs	1,723	-	1,723	31,223
MedTalks	14,428	-	14,428	4,899
Program disbursements	30,266	-	30,266	-
Wages and benefits (Note 10)	18,435	-	18,435	17,601
	108,210	-	108,210	99,399
<b>Distributions</b>				
Distributions to specific commitments - external	-	26,296	26,296	58,909
Distributions to specific commitments - internal	141,273	-	141,273	2,500
	141,273	26,296	167,569	61,409
	<b>488,655</b>	<b>26,296</b>	<b>514,951</b>	<b>406,167</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (2,003)</b>	<b>\$ 412,320</b>	<b>\$ 410,317</b>	<b>\$ 1,086,785</b>

---

**Sechelt Hospital Foundation Society**  
**Statement of Changes in Fund Balances**

---

	<b>Unrestricted Fund</b>	<b>Restricted Fund</b>	<b>2019</b>	<b>2018</b>
<b>For the year ended December 31</b>				
<b>Balance, beginning of year</b>	<b>\$ 4,341,870</b>	<b>\$ 572,079</b>	<b>\$ 4,913,949</b>	<b>\$ 3,827,164</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,003)</b>	<b>412,320</b>	<b>410,317</b>	<b>1,086,785</b>
<b>Balance, ending of year</b>	<b>\$ 4,339,867</b>	<b>\$ 984,399</b>	<b>\$ 5,324,266</b>	<b>\$ 4,913,949</b>

---

**Sechelt Hospital Foundation Society**  
**Statement of Cash Flows**

For the year ended December 31,	Unrestricted Fund	Restricted Fund	2019	2018
<b>Operating activities</b>				
Excess (deficiency) of revenues over expenditures	\$ (2,003)	\$ 412,320	\$ 411,317	\$ 1,086,785
Adjustments for				
Amortization	18,954	-	18,954	18,954
In-kind contributions to the Art collection	(41,990)	-	(41,990)	(63,849)
Unrealized loss (gain) on portfolio investments	(72,338)	-	(72,338)	32,605
	(95,374)	-	(95,374)	(12,290)
	<b>(97,377)</b>	<b>412,320</b>	<b>315,943</b>	<b>1,074,495</b>
Change in non-cash working capital items				
Prepaid expenses	(307)	-	(307)	3,086
Accounts payable and accrued liabilities	(28,664)	-	(28,664)	41,781
Sales taxes receivable	(937)	-	(937)	(208)
Accounts receivable	(2,368)	-	(2,368)	-
Interfund receivable/payable	29,269	(29,269)	-	-
	(100,384)	383,051	283,667	1,119,154
<b>Investing activities</b>				
Acquisition of marketable securities	-	-	-	(11,089)
<b>Increase (decrease) in cash</b>	<b>(100,384)</b>	<b>383,051</b>	<b>283,667</b>	<b>1,108,065</b>
<b>Cash, beginning of year</b>	<b>3,061,095</b>	<b>550,519</b>	<b>3,611,614</b>	<b>2,503,549</b>
<b>Cash, end of year</b>	<b>\$ 2,960,711</b>	<b>\$ 933,570</b>	<b>\$ 3,895,281</b>	<b>\$ 3,611,614</b>



---

## **Sechelt Hospital Foundation Society**

### **Notes to the Financial Statements**

---

**December 31, 2019**

---

#### **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. Subsequent event**

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Foundation and its operations in future periods.

The COVID-19 pandemic caused significant volatility in the stock market. As at May 15th, 2020, the Society's investment portfolio was valued at \$953,829 which is a decrease of 3.6% since December 31, 2019. The investment portfolio value is expected to recover over time; however, further declines are possible.

#### **3. 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.

---

**Sechelt Hospital Foundation Society**  
**Notes to the Financial Statements**

**December 31, 2019**

---

**3. Significant accounting policies, continued**

**(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.

**(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 and accounts receivable.

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

Financial assets measured at FMV include marketable 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;

---

**Sechelt Hospital Foundation Society**  
**Notes to the Financial Statements**

**December 31, 2019**

---

**3. Significant accounting policies, continued**

- ♦ 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.

**(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
Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	5 years
Computer software	Straight-line	1 year

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.

---

**Sechelt Hospital Foundation Society**  
**Notes to the Financial Statements**

**December 31, 2019**

---

**3. Significant accounting policies, continued**

**(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.

**(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.

**4. Tangible capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2019 Net book value</b>	<b>2018 Net book value</b>
Land	\$ 228,000	\$ -	\$ 228,000	\$ 228,000
Buildings	259,231	150,098	109,133	115,613
Computer	6,911	6,217	694	4,697
Furniture and fixtures	8,723	7,847	876	-
Leasehold improvements	46,731	28,039	18,692	28,039
Computer software	16,955	16,955	-	-
	<b>\$ 566,551</b>	<b>\$ 209,156</b>	<b>\$ 357,395</b>	<b>\$ 376,349</b>

---

**Sechelt Hospital Foundation Society**  
**Notes to the Financial Statements**

**December 31, 2019**

---

**5. 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, 2019 the Society spent \$3,360 (2018 - \$5,885) on the administration, installation and maintenance of The Art Program.

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

**6. Externally restricted net assets (Donor specified)**

	2019	2018
Ambulatory	\$ 15,362	\$ 4,100
Emergency	11,989	11,524
Employee Wellness	1,618	1,786
Home Care	1,265	1,247
Imaging	1,000	-
Medical Equipment	15,000	-
Mental Health	904,162	540,600
Obstetrics	20,000	-
Palliative	1,623	1,597
REHAB	2,500	2,500
Shorncliffe	530	30
Totem Lodge	9,350	8,695
	<b>\$ 984,399</b>	<b>\$ 572,079</b>

**7. Internally restricted net assets**

	2019	2018
Foundation Office Renovation	\$ -	\$ 1,929
Ambulatory Care Unit	551	-
Cardiac Monitors and other equipment	613,474	-
Long-Term Fund	989,733	917,395
Mental Health	500,000	502,054
Surgical/Endoscopy and other equipment	406,965	-
	<b>\$ 2,510,723</b>	<b>\$ 1,421,378</b>

---

**Sechelt Hospital Foundation Society**  
**Notes to the Financial Statements**

**December 31, 2019**

---

**8. Interfund balances**

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

**9. Investment income**

	2019	2018
Investment income	\$ 103,422	\$ 70,402
Portfolio returns (losses)	72,341	(30,744)
	<b>\$ 175,763</b>	<b>\$ 39,658</b>

**10. Management remuneration**

Total remuneration, including benefits, for the Society's executive director for the year was \$122,898 (2018 - \$120,974). Total remuneration including benefits to other part time employees of the Society total \$43,657 (2018 - \$44,695).

**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 cash equivalents 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.

---

**Sechelt Hospital Foundation Society**  
**Notes to the Financial Statements**

**December 31, 2019**

---

**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.