

Sechelt Hospital Foundation Society

Financial Statements

December 31, 2020

Sechelt Hospital Foundation Society
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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, 2020, 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, 2020, 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 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.

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 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 17, 2021

Crowe MacKay LLP
Chartered Professional Accountants

Sechelt Hospital Foundation Society
Statement of Financial Position

	Unrestricted Fund	Restricted Fund	2020	2019
December 31,				
Assets				
Current				
Cash	\$ 2,596,255	\$ 1,162,605	\$ 3,758,860	\$ 3,894,281
Accounts receivable	805	-	805	2,368
Sales taxes receivable	3,380	-	3,380	3,142
Portfolio investments (Note 9)	1,075,997	-	1,075,997	989,733
Prepaid expenses	5,758	-	5,758	1,519
Interfund receivable (Note 8)	-	11,527	11,527	50,829
	3,682,195	1,174,132	4,856,327	4,941,872
Tangible capital assets (Note 4)	339,998	-	339,998	357,395
Art collection (Note 5)	156,434	-	156,434	105,839
	\$ 4,178,627	\$ 1,174,132	\$ 5,352,759	\$ 5,405,106

Liabilities

Current				
Accounts payable and accrued liabilities	\$ 43,377	\$ -	\$ 43,377	\$ 30,011
Interfund payable (Note 8)	11,527	-	11,527	50,829
	54,904	-	54,904	80,840

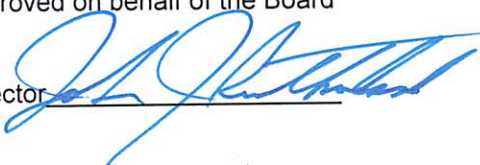
Fund balances

Invested in tangible capital assets (Note 4)	339,998	-	339,998	357,395
Externally restricted (Note 6)	-	1,174,132	1,174,132	984,399
Internally restricted (Note 7)	2,798,964	-	2,798,964	2,510,723
Unrestricted	984,761	-	984,761	1,471,749
	4,123,723	1,174,132	5,297,855	5,324,266
	\$ 4,178,627	\$ 1,174,132	\$ 5,352,759	\$ 5,405,106

COVID-19 Pandemic (Note 2)

Approved on behalf of the Board

Director



Director



Sechelt Hospital Foundation Society
Statement of Operations

	Unrestricted Fund	Restricted Fund	2020	2019
For the year ended December 31				
Revenues				
Donations - unrestricted	\$ 471,477	\$ -	\$ 471,477	\$ 304,726
Donations - restricted	-	433,290	433,290	438,616
Special events	7,250	-	7,250	6,163
Investment income (Note 9)	99,999	-	99,999	139,305
Fair value adjustment on investments (Note 9)	54,523	-	54,523	36,458
	633,249	433,290	1,066,539	925,268
Expenditures				
Operating				
Amortization	17,397	-	17,397	18,954
Accounting services	13,948	-	13,948	11,463
Governance and board development	823	-	823	2,785
Insurance	5,846	-	5,846	4,869
Office and administration	11,601	-	11,601	10,076
Professional fees	16,000	-	16,000	13,580
Wages and benefits (Note 10)	23,904	-	23,904	25,580
	89,519	-	89,519	87,307
Fund development costs				
Community engagement and marketing	38,580	-	38,580	21,883
Donor recognition	97	-	97	3,551
Staff development education	2,913	-	2,913	3,890
Wages and benefits (Note 10)	147,308	-	147,308	122,541
	188,898	-	188,898	151,865
Programs				
Art Program (Note 5)	734	-	734	3,360
Education funding	5,041	-	5,041	13,205
Foundation house	23,114	-	23,114	26,793
Fundraising costs	737	-	737	1,723
MedTalks	4,150	-	4,150	14,428
Wages and benefits (Note 10)	17,928	-	17,928	18,435
	51,704	-	51,704	77,944
Distributions				
Contributions to Sechelt Hospital	519,271	243,558	762,829	197,835
	849,392	243,558	1,092,950	514,951
Excess (deficiency) of revenues over expenditures	\$ (216,143)	\$ 189,732	\$ (26,411)	\$ 410,317

Sechelt Hospital Foundation Society
Statement of Changes in Fund Balances

	Unrestricted Fund	Restricted Fund	2020	2019
For the year ended December 31				
Balance, beginning of year	\$ 4,339,866	\$ 984,400	\$ 5,324,266	\$ 4,913,949
Excess (deficiency) of revenues over expenditures	(216,143)	189,732	(26,411)	410,317
Balance, ending of year	\$ 4,123,723	\$ 1,174,132	\$ 5,297,855	\$ 5,324,266

Sechelt Hospital Foundation Society
Statement of Cash Flows

For the year ended December 31,	Unrestricted Fund	Restricted Fund	2020	2019
Operating activities				
Excess (deficiency) of revenues over expenditures	\$ (216,143)	\$ 189,732	\$ (26,411)	\$ 410,317
Adjustments for				
Amortization	17,397	-	17,397	18,954
In-kind contributions to the Art collection	(50,595)	-	(50,595)	(41,990)
Unrealized gain on portfolio investments (Note 9)	(54,523)	-	(54,523)	(36,458)
	(87,721)	-	(87,721)	(59,494)
	(303,864)	189,732	(114,132)	350,823
Change in non-cash working capital items				
Prepaid expenses	(4,239)	-	(4,239)	(307)
Accounts payable and accrued liabilities	13,365	-	13,365	(28,664)
Sales taxes receivable	(238)	-	(238)	(937)
Accounts receivable	1,564	-	1,564	(2,368)
Interfund receivable/payable	(39,303)	39,303	-	-
	(332,715)	229,035	(103,680)	318,547
Investing activities				
Net change in portfolio investments	(31,741)	-	(31,741)	(35,880)
Increase (decrease) in cash	(364,456)	229,035	(135,421)	282,667
Cash, beginning of year	2,960,711	933,570	3,894,281	3,611,614
Cash, end of year	\$ 2,596,255	\$ 1,162,605	\$ 3,758,860	\$ 3,894,281

Gifts in Kind

During the year the Society had the following non-cash transaction \$11,635 for COVID supplies donated.

Sechelt Hospital Foundation Society

Notes to the Financial Statements

December 31, 2020

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.

Sechelt Hospital Foundation Society

Notes to the Financial Statements

December 31, 2020

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- Staff had the option to work from home but opted to work at the office, inside Sechelt Hospital, and followed precautionary measures guided by the public health authorities to limit the spread of Covid-19 and the impact of the pandemic.
- The Society saw a significant increase in volume of donations and in-kind gifts to support health care staff due to the pandemic.
- The Society cancelled a number of in-person meetings and fundraising events and developed a digital platform for the purposes of health and wellness education, community outreach, board meetings and donor engagement.
- Investments held by the Society saw an increase at year end, however there is uncertainty about future economic conditions as a result of the pandemic and the market volatility.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Society's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Society and its operations in future periods.

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.

(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.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

(b) Cash equivalents

Cash and cash equivalents include cash and deposits maturing within 90 days of the original date of acquisition.

(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;
- ♦ 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, 2020

3. 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) Use of estimates

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 disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) 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.

A substantial number of volunteers contribute a significant amount of time to the Foundation each year. Because of the difficulty in determining their fair values, these contributed services are not recognized in the financial statements.

(g) 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:

Tangible capital assets are accounted for at cost. Amortization is based on their useful life using the straight-line method and following durations:

Buildings	Straight-line	40 years
Office equipment	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.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2020

3. Significant accounting policies, continued

(h) 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.

(i) Income taxes

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

(j) 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.

(k) 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. Significant areas requiring the use of management estimates relate to valuation of useful lives for amortization of capital assets and provisions for accrued liabilities and contingencies. Actual results may ultimately differ from these estimates.

(l) General and administrative expenses

All expenses related to general management, marketing and administrative activities, are expensed in the period in which they are incurred. General and administration expenses are included in the unrestricted fund and not allocated to the restricted fund.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2020

4. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 228,000	\$ -	\$ 228,000	\$ 228,000
Buildings	259,231	156,579	102,652	109,133
Office equipment	6,911	6,911	-	694
Furniture and fixtures	8,723	8,723	-	876
Leasehold improvements	46,731	37,385	9,346	18,692
Computer software	16,955	16,955	-	-
	\$ 566,551	\$ 226,553	\$ 339,998	\$ 357,395

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 accepted upon the recommendation of the Art Program Committee. All art with a fair 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, 2020 the Society spent \$734 (2019 - \$3,360) 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, 2020

6. Externally restricted net assets (Donor specified)

	2020	2019
Ambulatory Care Unit	\$ 17,579	\$ 15,362
COVID-19 Support	8,624	-
COVID-19 CMAF	66,508	-
Emergency	32,853	11,989
Employee Wellness	1,410	1,618
Home Care	1,415	1,265
Imaging	-	1,000
Medical Equipment	15,300	15,000
Mental Health	982,502	904,162
Nurses Lounge	550	-
Obstetrics	20,048	20,000
Pallative	4,948	1,623
REHAB	2,500	2,500
Shorncliffe	1,030	530
Surgical Needs	7,500	-
Totem Lodge	11,365	9,350
	\$ 1,174,132	\$ 984,399

7. Internally restricted net assets

	2020	2019
Ambulatory Care Unit	\$ -	\$ 551
Cardiac Monitors and other equipment	56,275	613,474
Care Aide Education Support	120,000	-
COVID-19 support	144,067	-
Externally Managed Fund	1,075,997	989,733
Maternity	67,937	-
Mental Health	500,000	500,000
Mobility and Rehab	104,500	-
OR Clinical Services	90,000	-
Physicians Lounge	159,792	-
Surgical/Endoscopy and other equipment	411,412	406,965
Surgical/Ophthalmology	26,264	-
Totem and Shorncliffe	42,720	-
	\$ 2,798,964	\$ 2,510,723

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2020

8. Interfund balances

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

9. Investment income

	2020	2019
Dividend income	\$ 19,373	\$ 19,030
Realized portfolio losses	(10,364)	(484)
Interest income	101,234	130,786
Management fees	(10,244)	(10,027)
	\$ 99,999	\$ 139,305

Investments are stated at fair values based upon quoted or published market prices; during the year the net increase in fair value of investments was \$54,523 (2019 - \$36,458).

10. Management remuneration

Total remuneration, including benefits, for the Society's executive director for the year was \$119,521 (2019 - \$122,898). Total remuneration including benefits to other part time employees of the Society total \$69,619 (2019 - \$43,657).

11. Contributed Services

Volunteers contribute a significant amount of time to assist the Society in fulfilling its mandate and supporting its programs. In 2020, despite a global pandemic, volunteers committed 1,227 hours to the Society. Contributed services are not reflected in these financial statements.

Sechelt Hospital Foundation Society

Notes to the Financial Statements

December 31, 2020

12. Foundation House

The Society operates Foundation House, a rental property located in Sechelt which aids in the recruiting and accommodation of visiting health care professionals, medical students and specialists who serve at Sechelt Hospital. Guests of Foundation House either pay for their stays or recognize the use of accommodation as an earned income benefit.

13. Thrift Store

The Society owns the Thrift Store property, located at 5533 Cowrie Street in Sechelt, BC, and rents it to the Sunshine Coast Healthcare Auxiliary for a nominal \$1 per year.

14. 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.

COVID-19 has resulted in an increase in other market risk by increasing volatility in investment markets. The Society cannot predict changes in economic conditions that impact individual financial instruments or similar financial instruments or issuers. Such changes arising from the COVID-19 pandemic, could have a material effect in the Society's operations and financial condition.

Sechelt Hospital Foundation Society
Notes to the Financial Statements

December 31, 2020

15. Comparative amounts

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.