

**Sechelt Hospital Foundation Society**

**Financial Statements**

**December 31, 2022**

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**Sechelt Hospital Foundation Society**  
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**December 31, 2022**

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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, 2022, 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, 2022, 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.

### *Report on Other Legal and Regulatory Requirements*

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied by Sechelt Hospital Foundation Society in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

Sechelt, British Columbia  
April 17, 2023

*Crowe MacKay LLP*

Chartered Professional Accountants




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

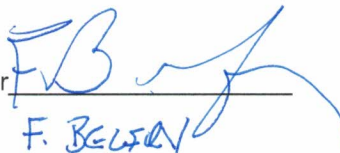
December 31,	Unrestricted Fund	Restricted Fund	2022	2021
<b>Assets</b>				
<b>Current</b>				
Cash	\$ 2,996,208	\$ 915,374	\$ 3,911,582	\$ 2,898,199
Accounts receivable	4,547	-	4,547	-
Sales taxes receivable	745	-	745	1,689
Restricted cash (Note 3)	-	158	158	27,758
Prepaid expenses	8,990	-	8,990	8,063
Interfund receivable (Note 9)	-	33,684	-	-
	<b>3,010,490</b>	<b>949,216</b>	<b>3,926,022</b>	<b>2,935,709</b>
Investments (Note 4)	<b>1,603,572</b>	<b>489,523</b>	<b>2,093,095</b>	<b>2,221,551</b>
Tangible capital assets (Note 5)	<b>317,690</b>	<b>-</b>	<b>317,690</b>	<b>324,171</b>
Art collection (Note 6)	<b>189,939</b>	<b>-</b>	<b>189,939</b>	<b>182,689</b>
	<b>\$ 5,121,691</b>	<b>\$ 1,438,739</b>	<b>\$ 6,526,746</b>	<b>\$ 5,664,120</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 45,246	\$ -	\$ 45,246	\$ 62,009
Interfund payable (Note 9)	33,684	-	-	-
	<b>78,930</b>	<b>-</b>	<b>45,246</b>	<b>62,009</b>
<b>Fund balances</b>				
Invested in tangible capital assets	317,690	-	317,690	324,171
Externally restricted (Note 7)	-	1,438,739	1,438,739	1,233,104
Internally restricted (Note 8)	1,513,926	-	1,513,926	1,107,417
Unrestricted	3,211,145	-	3,211,145	2,937,419
	<b>5,042,761</b>	<b>1,438,739</b>	<b>6,481,500</b>	<b>5,602,111</b>
	<b>\$ 5,121,691</b>	<b>\$ 1,438,739</b>	<b>\$ 6,526,746</b>	<b>\$ 5,664,120</b>

Approved on behalf of the Board

Director

  
R. GRAY  
TREASURER

Director

  
F. BELFAY  
CHAIR.

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

	Unrestricted Fund	Restricted Fund	2022	2021
<b>For the year ended December 31</b>				
<b>Revenues</b>				
Donations - unrestricted	\$ 1,486,907	\$ -	\$ 1,486,907	\$ 1,271,052
Donations - restricted	-	359,842	359,842	558,536
Special events	-	-	-	86,529
Investment income (loss) (Note 4)	129,901	(760)	129,141	191,308
	<b>1,616,808</b>	<b>359,082</b>	<b>1,975,890</b>	<b>2,107,425</b>
<b>Expenditures</b>				
<b>Operating</b>				
Amortization	6,481	-	6,481	15,827
Accounting services	13,360	-	13,360	15,960
Governance and board development	2,883	-	2,883	1,489
Insurance	8,794	-	8,794	6,116
Office and administration	6,192	-	6,192	9,474
Professional fees	14,438	-	14,438	18,348
Wages and benefits (Note 10)	26,853	-	26,853	23,409
	79,001	-	79,001	90,623
<b>Fund development costs</b>				
Community engagement and marketing	52,803	-	52,803	38,657
Staff development education	3,485	-	3,485	3,449
Wages and benefits (Note 10)	169,333	-	169,333	156,979
	225,621	-	225,621	199,085
<b>Programs</b>				
Art Program (Note 6)	1,095	-	1,095	626
Education funding	13,582	-	13,582	7,220
Foundation house	26,197	-	26,197	28,982
Special events costs	-	-	-	58,340
MedTalks (net of sponsorships)	1,309	-	1,309	(1,355)
Wages and benefits (Note 10)	32,871	-	32,871	24,927
	75,054	-	75,054	118,740
<b>Distributions</b>				
Contributions to Sechelt Hospital (Note 14)	445,871	124,081	569,952	1,394,483
	<b>825,547</b>	<b>124,081</b>	<b>949,628</b>	<b>1,802,931</b>
	791,261	235,001	1,026,262	304,494
<b>Other income/(expenses)</b>				
Investment fair value adjustments	(117,508)	(29,366)	(146,874)	(236)
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 673,753</b>	<b>\$ 205,635</b>	<b>\$ 879,388</b>	<b>\$ 304,258</b>

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

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	Unrestricted Fund	Restricted Fund	2022	2021
<b>For the year ended December 31</b>				
<b>Balance, beginning of year</b>	<b>\$ 4,369,008</b>	<b>\$ 1,233,104</b>	<b>\$ 5,602,112</b>	<b>\$ 5,297,854</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>673,753</b>	<b>205,635</b>	<b>879,388</b>	<b>304,258</b>
<b>Balance, ending of year</b>	<b>\$ 5,042,761</b>	<b>\$ 1,438,739</b>	<b>\$ 6,481,500</b>	<b>\$ 5,602,112</b>

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

	Unrestricted Fund	Restricted Fund	2022	2021
<b>For the year ended December 31,</b>				
<b>Operating activities</b>				
Excess (deficiency) of revenues over expenditures	\$ 673,753	\$ 205,635	\$ 879,388	\$ 304,258
Adjustments for				
Amortization	6,481	-	6,481	15,827
Fair value adjustment on marketable securities	117,508	29,366	146,874	236
In-kind contributions to the Art collection	(7,250)	-	(7,250)	(26,255)
	116,739	29,366	146,105	(10,192)
	<b>790,492</b>	<b>235,001</b>	<b>1,025,493</b>	<b>294,066</b>
Change in non-cash working capital items				
Accounts receivable	(4,547)	-	(4,547)	805
Prepaid expenses	(927)	-	(927)	(2,305)
Accounts payable and accrued liabilities	(16,763)	-	(16,763)	18,633
Sales taxes receivable	944	-	944	1,691
Interfund receivable/payable	4,878	(4,878)	-	-
	774,077	230,123	1,004,200	312,890
<b>Investing activities</b>				
Acquisition of investments	-	-	-	(1,000,000)
Net change in portfolio investments	(19,178)	761	(18,417)	(145,792)
<b>Increase (decrease) in cash</b>	<b>754,899</b>	<b>230,884</b>	<b>985,783</b>	<b>(832,902)</b>
<b>Cash, beginning of year</b>	<b>2,241,309</b>	<b>684,648</b>	<b>2,925,957</b>	<b>3,758,859</b>
<b>Cash, end of year</b>	<b>\$ 2,996,208</b>	<b>\$ 915,532</b>	<b>\$ 3,911,740</b>	<b>\$ 2,925,957</b>
<b>Cash consists of:</b>				
Cash	\$ 2,996,208	\$ 915,374	\$ 3,911,582	\$ 2,898,199
Restricted cash	-	158	158	27,758
	<b>\$ 2,996,208</b>	<b>\$ 915,532</b>	<b>\$ 3,911,740</b>	<b>\$ 2,925,957</b>



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## **Sechelt Hospital Foundation Society**

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

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**December 31, 2022**

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#### **1. Incorporation and purpose**

Sechelt Hospital Foundation Society (the "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 enhance the scope and sustain excellence of health care services primarily at Sechelt Hospital and secondarily at other locations across the Sunshine Coast Local Health Area (LHA 46);
- (b) to advocate for and fund capital facilities and equipment, special projects, medical and scientific research and educational activities to meet the needs of our community, aligned where possible with the policies, programs, and priorities of Vancouver Coastal Health and the Sechelt Hospital;
- (c) to receive donations, stocks, bonds, gifts and property; hold and/or invest donations, property and proceeds from bequests; administer funds, trusts and endowments; and distribute funds and endowment proceeds in support of the activities above

The Foundation raises funds to support the highest quality of health care for the Lower Sunshine Coast for Sechelt/shishalh Hospital, Totem Lodge, Shorncliffe Intermediate Care Home, Home Care Services, Public and Community Health Services and Mental Health and Substance Use Services.

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

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

**December 31, 2022**

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**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, restricted cash and accounts receivable.

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

Financial assets measured at fair value include marketable securities, which are quoted in an 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.

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

**December 31, 2022**

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**2. Significant accounting policies, continued**

**(d) Related parties**

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**(e) 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.

**(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 Society 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. 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.

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

**December 31, 2022**

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**2. 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 tangible 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.

**(m) 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.

The society uses estimates for the useful life of tangible capital assets.

# Sechelt Hospital Foundation Society

## Notes to the Financial Statements

December 31, 2022

### 3. Restricted cash

Restricted cash in the amount of \$158 (2021 - \$27,758) relates to the Society's lotteries as required under the BC Gaming licences.

### 4. Investments

The Society's portfolio investments are managed by an external investment manager in accordance with the Society's investment policy.

	2022	2021
Investments are held at fair market value and comprised of the following:		
Fixed Income	\$ 1,134,994	\$ 900,338
Equity	958,101	1,321,213
	<b>2,093,095</b>	<b>2,221,551</b>
Investment income (loss) is comprised of the following:		
Realized portfolio gains (losses)	(23,335)	110,615
Interest income	133,408	63,967
Management fees	(16,277)	(12,418)
Dividend income	35,345	29,144
	<b>\$ 129,141</b>	<b>\$ 191,308</b>

### 5. Tangible capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Land	\$ 228,000	\$ -	\$ 228,000	\$ 228,000
Buildings	259,231	169,541	89,690	96,171
Office equipment	6,911	6,911	-	-
Furniture and fixtures	8,723	8,723	-	-
Leasehold improvements	46,731	46,731	-	-
Computer software	16,955	16,955	-	-
	<b>\$ 566,551</b>	<b>\$ 248,861</b>	<b>\$ 317,690</b>	<b>\$ 324,171</b>

### 6. 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

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

**December 31, 2022**

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**6. Art collection, continued**

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, 2022 the Society spent \$1,095 (2021 - \$626) on the administration, installation and maintenance of The Art Program.

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

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

	<b>2022</b>	<b>2021</b>
	\$ -	\$ -
Ambulatory Care Unit	23,996	15,696
Emergency Room	31,893	9,090
Employee Wellness	889	1,969
Home and Palliative care	15,560	10,560
Lab	6,100	100
Maternity	38,973	13,973
Medical Equipment	213,453	91,196
Medical Imaging	7,000	2,000
Mental Health	1,070,369	1,083,170
REHAB	2,098	5,100
Long-term Care	28,408	250
	<b>\$ 1,438,739</b>	<b>\$ 1,233,104</b>

**8. Internally restricted net assets**

	<b>2022</b>	<b>2021</b>
COVID-19 Support	\$ -	\$ 18,481
Capital Campaign Project	500,000	-
Care Aide Education Support	-	35,192
Clinical Lab Service - Water Purification System	-	17,000
Lab Renovation Project	229,318	-
Maternity	165,000	165,000
Mental Health	500,000	500,000
Mobility and Rehabilitation	97,525	92,334
Physicians Lounge	-	46,592
Portable X-ray Machine	-	157,000
Surgical Equipment	22,083	49,554
Surgical -Ophthalmology	-	26,264
	<b>\$ 1,513,926</b>	<b>\$ 1,107,417</b>

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

**December 31, 2022**

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**9. Interfund balances**

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

**10. Employee remuneration**

Total remuneration for the year, including benefits, for the Society's Executive Director was \$134,265 (2021 - \$117,046). Total remuneration, including benefits for the other part time employees of the Society totaled \$94,792 (2021 - \$88,270).

**11. Contributed Services**

Volunteers contribute a significant amount of time to assist the Society in fulfilling its mandate and supporting its programs. In 2022, volunteers committed 1,496 hours to the Society. Contributed services are not reflected in these financial statements because of the difficulty determining their fair value.

**12. Foundation House**

The Society operates Foundation House, a rental property located in Sechelt which aids in the recruiting and accomodation 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 5693 Cowrie Street in Sechelt, BC, and rents it to the Sunshine Coast Healthcare Auxiliary for a nominal \$1 per year.



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## **Sechelt Hospital Foundation Society**

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

**December 31, 2022**

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#### **14. Transactions with Vancouver Coastal Health**

During the year, the Society made contributions of \$569,952 (2021 - \$1,394,483) to Vancouver Coastal Health. These contributions were for the Sechelt Hospital's state-of-the-art medical equipment and facility renovations, including;

- Lab Renovation Project and Water Purification System
- Medical imaging: Portable Xray Machine and Ultrasound Machine
- Surgical Services: Glidescope & Anesthesia Infusion Pumps
- Rehabilitation/Physiotherapy: Patient Lifts
- Pharmacy Freezer and Medication carts
- Staff wellness

The Society has internally committed to an additional \$1.5 million (2021 - \$1.1 million) to support funding requests from Vancouver Coastal Health, to be fulfilled and invoiced in 2023 depending on Supply Chain.

The Society also receives certain administrative services from Vancouver Coastal Health, including the use of payroll and benefit administration, housekeeping and information technology support.

Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

#### **15. Pension plan**

The Society and its employees contribute to the Municipal Pension Plan. The plan is a multi-employer defined benefit pension plan. As of December 31, 2022, the Municipal Pension Plan has about 206,310 active members and approximately 109,996 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2021 indicated a \$3,761 million surplus for basic pension benefits on a going concern basis.

The next valuation for the Municipal Pension Plan will be as at December 31, 2024, with results available in 2025.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in not consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

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

**December 31, 2022**

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**16. Financial instruments**

Credit risk

The Society's investments in cash held in bank, guaranteed investment certificates, income funds and equities are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Society manages the risk by retaining professional investment counselors who act in accordance with the Society's investment policies. Credit risk related to cash is minimized by dealing with financial institutions with strong credit ratings and deposit guarantees.

Other credit risk can arise from holding receivables which are generally not material and as such the credit risk is minimal.

There has been no change in credit risk from the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, currency risk and interest rate risk.

There have been no significant changes to market risks since 2021.

(a) Currency risk

Foreign currency exposure arises from the Society's holdings of foreign currency denominated investments. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. The Society manages this risk by using professional portfolio managers and maintaining a diversified portfolio.

(b) Interest rate risk

The Society's earnings are exposed to the interest rate risk that arises from fluctuations in interest rates and the degree of volatility of these rates. The Society does not use derivative instruments to reduce its exposure to interest rate risk. The Society manages this risk by using professional portfolio managers and maintaining a diversified portfolio.

(c) Price risk

The Society is subject to other price risk on the investments carried at fair value. These investments are subject to market risk such that the fair value of these investments may change as a result of factors specific to a particular investment or as a result of factors affecting all instruments trading in the market. The Society manages this risk by using professional portfolio managers and maintaining a diversified portfolio with a mix of bonds and equity funds.

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

**December 31, 2022**

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**17. 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.