

Financial Statements of

**FRASER VALLEY HEALTH
CARE FOUNDATION**

Years ended March 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

To the Directors of Fraser Valley Health Care Foundation

We have audited the accompanying financial statements of Fraser Valley Health Care Foundation, which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenditures, assets and net assets.



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Qualified Opinion

In our opinion, except for the possible effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Fraser Valley Health Care Foundation as at March 31, 2013, March 31, 2012, and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian generally accepted accounting principles.

Report on other Legal and Regulatory Requirements

As required by the Society 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Accountants

August 13, 2013

Abbotsford, British Columbia

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash	\$ 739,618	\$ 848,672	\$ 1,113,507
Short-term investments (note 2)	3,188,465	3,157,920	2,379,266
Accrued interest and other receivables	15,353	24,656	168,871
	<u>\$ 3,943,436</u>	<u>\$ 4,031,248</u>	<u>\$ 3,661,644</u>

Liabilities and Net Assets

Current liability:			
Accounts payable and accrued liabilities (note 3)	\$ 1,628,623	\$ 1,811,811	\$ 2,097,229
Net assets:			
Unrestricted	(177,428)	(181,730)	(164,900)
Restricted	2,492,241	2,401,167	1,729,315
	<u>2,314,813</u>	<u>2,219,437</u>	<u>1,564,415</u>
	<u>\$ 3,943,436</u>	<u>\$ 4,031,248</u>	<u>\$ 3,661,644</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

FRASER VALLEY HEALTH CARE FOUNDATION

Statements of Earnings

Years ended March 31, 2013 and March 31, 2012

	2013			2012		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues:						
Donations	\$ 235,919	\$ 774,840	\$ 1,010,759	\$ 145,197	\$ 334,229	\$ 479,426
Capital campaign donations	84,820	397,685	482,505	169,138	803,285	972,423
Interest income	55,436	628	56,064	51,013	1,850	52,863
	<u>376,175</u>	<u>1,173,153</u>	<u>1,549,328</u>	<u>365,348</u>	<u>1,139,364</u>	<u>1,504,712</u>
Expenses:						
Wages and benefits	287,085	-	287,085	279,594	-	279,594
Advertising and promotion	48,110	-	48,110	65,591	-	65,591
Run for mom fundraising	-	13,949	13,949	-	16,925	16,925
Professional fees	12,236	-	12,236	11,609	-	11,609
Office and miscellaneous	12,346	-	12,346	13,633	-	13,633
Minor equipment and computer maintenance	7,603	-	7,603	8,368	-	8,368
Insurance	3,282	-	3,282	3,286	-	3,286
Donor/volunteer recognition	1,211	-	1,211	97	-	97
	<u>371,873</u>	<u>13,949</u>	<u>385,822</u>	<u>382,178</u>	<u>16,925</u>	<u>399,103</u>
Excess (deficiency) of revenues over expenses before the undernoted						
	4,302	1,159,204	1,163,506	(16,830)	1,122,439	1,105,609
Other expenses:						
Capital campaign expenses	-	(601,906)	(601,906)	-	(103,230)	(103,230)
Disbursements to Fraser Health	-	(466,224)	(466,224)	-	(347,357)	(347,357)
	<u>-</u>	<u>(1,068,130)</u>	<u>(1,068,130)</u>	<u>-</u>	<u>(450,587)</u>	<u>(450,587)</u>
Excess (deficiency) of revenues over expenses						
	\$ 4,302	\$ 91,074	\$ 95,376	\$ (16,830)	\$ 671,852	\$ 655,022

FRASER VALLEY HEALTH CARE FOUNDATION

Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

March 31, 2013	Unrestricted	Restricted	Total
Balance, beginning of year	\$ (181,730)	\$ 2,401,167	\$ 2,219,437
Excess of revenues over expenses	4,302	91,074	95,376
Balance, end of year	\$ (177,428)	\$ 2,492,241	\$ 2,314,813

March 31, 2012	Unrestricted	Restricted	Total
Balance, beginning of year	\$ (164,900)	\$ 1,729,315	\$ 1,564,415
Excess (deficiency) of revenues over expenses	(16,830)	671,852	655,022
Balance, end of year	\$ (181,730)	\$ 2,401,167	\$ 2,219,437

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012		
Cash provided by (used in):				
Operating activities:				
Excess of revenues over expenses	\$ 95,376	\$ 655,022		
Changes in non-cash operating working capital:				
Accounts receivable	9,303	144,215		
Accounts payable and accrued liabilities	(183,188)	(285,418)		
	(78,509)	513,819		
Investing activities:				
Increase in short-term investments	(30,545)	(778,654)		
Decrease in cash			(109,054)	(264,835)
Cash, beginning of year			848,672	1,113,507
Cash, end of year			\$ 739,618	\$ 848,672

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

General:

Fraser Valley Health Care Foundation (the "Foundation") was incorporated under the Society Act (British Columbia) on April 11, 2002 in order to continue to undertake the activities previously conducted by the Fraser Valley Health Care Foundation Society and the Chilliwack Hospital Foundation Society. The Foundation's principal purpose is to raise funds to further the improvement of health care in the facilities and programs operated, funded or endorsed by Fraser Health within the Fraser Valley Regional Hospital District through providing support for equipment, education, research, operations, construction and development.

On April 1, 2011, the Foundation adopted Canadian accounting standards for Not-For-Profit organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In accordance with the transitional provisions in Canadian accounting standards for not-for-profit organizations, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Canadian accounting standards for not-for-profit organizations.

1. Significant accounting policies:

(a) Restricted and Unrestricted Net Assets:

The Foundation segregates its operations and net assets by giving recognition to restrictions on the use of resources when specified by donors, as follows:

(i) Restricted Donations and Net Assets

On the majority of donations received which have been designated for specific purposes, the Foundation classifies 81% as restricted revenues and 19% as unrestricted. The restricted net assets balance comprises the cumulative excess of restricted revenue, over the related expenses.

(ii) Unrestricted Net Assets:

The unrestricted net assets balance comprises the cumulative excess of unrestricted and undesignated revenues, over the related expenses.

(b) Donations:

Donations received by the Foundation are recorded on a cash basis.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(c) Pledges:

Pledges receivable are not recorded by the Foundation.

However, at year-end, the Foundation has outstanding general pledges receivable of nil (March 31, 2012 - \$16,896; April 1, 2011 - \$3,420) to cover disbursements to Fraser Health for capital expenditures. The Foundation also has outstanding campaign pledges receivable of \$282,950 (March 31, 2012 - \$518,450; April 1, 2011 - \$970,034) for the Central Fraser Valley and \$471,200 (March 31, 2012 - \$769,877; April 1, 2011 - \$1,287,434) for the Upper Fraser Valley.

(d) Taxes:

The Foundation is a registered charity and thus is exempt from federal and provincial income and capital taxes, provided certain requirements of the Income Tax Act are met.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of short-term investments. Actual results could differ from those estimates.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(f) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Short-term Investments:

	March 31, 2013	March 31, 2012	April 1, 2011
RBC Investment Savings Account	\$ 1,338,502	\$ 1,321,919	\$ 1,305,960
Envision term deposit	750,000	750,000	-
Manulife Bank Investment Savings Account	425,620	420,340	415,146
Dundee Investment Savings Account	271,821	268,464	265,518
Renaissance High Interest Savings Account	272,071	268,693	265,470
B2B Trust High Interest Investment Account	104,174	102,832	101,500
Manulife equity funds	16,042	16,371	16,833
Mackenzie mutual funds	10,235	9,301	8,839
	\$ 3,188,465	\$ 3,157,920	\$ 2,379,266

The above investments are recorded at fair value.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

3. Related party transactions:

Fraser Health Authority (Fraser Health) exercises significant influence over the Foundation by virtue of its ability to appoint some of the Foundation's Board of Directors.

During the year the Foundation incurred the following transactions with Fraser Health:

	2013		2012	
Disbursements to Fraser Health	\$	466,224	\$	202,715
Payments to Fraser Health against Operating Payable	\$	292,359	\$	327,403
Disbursements to Fraser Health against Campaign Payable	\$	252,216	\$	291,774

Included in accounts payable and accrued liabilities are amounts owed to Fraser Health as follows:

	March 31, 2013		March 31, 2012		April 1, 2011	
Amounts payable for wages and operating expenditures paid by Fraser Health on behalf of the Foundation	\$	24,073	\$	21,057	\$	64,960
Amounts payable for Foundation commitments, to be disbursed to Fraser Health		14,893		51,956		44,359
Amounts payable for Foundation Capital Campaign commitments, to be disbursed to Fraser Health		1,564,978		1,726,513		1,967,906
	\$	1,603,944	\$	1,799,526		2,077,225

Transactions with related parties occur in the normal course of operations and are measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.