

Financial Statements of

**FRASER VALLEY HEALTH
CARE FOUNDATION**

Year ended March 31, 2014



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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, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, 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 audit. We conducted our audit 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 audit is sufficient and appropriate to provide a basis for our audit opinion.



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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.

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, 2014, and the results of its operations and its cash flows for the year then ended 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 policies applied 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 year.

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

Chartered Accountants

July 15, 2014

Abbotsford, British Columbia

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ 306,301	\$ 739,618
Short-term investments (note 2)	3,520,571	3,188,465
Accrued interest and other receivables (note 3)	41,319	15,353
	\$ 3,868,191	\$ 3,943,436

Liabilities and Net Assets

Current liability:		
Accounts payable and accrued liabilities (note 4)	\$ 1,437,953	\$ 1,628,623
Net assets:		
Unrestricted	(215,246)	(177,428)
Restricted	2,645,484	2,492,241
	2,430,238	2,314,813
	\$ 3,868,191	\$ 3,943,436

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

FRASER VALLEY HEALTH CARE FOUNDATION

Statements of Operations

Year ended March 31, 2014 with comparative information for 2013

	Unrestricted	Restricted	2014	2013
Revenues				
Donations	\$ 268,172	\$ 784,089	\$ 1,052,261	\$ 1,010,759
Capital campaign donations	17,679	211,491	229,170	482,505
Investment income	69,793	5,338	75,131	56,064
	355,644	1,000,918	1,356,562	1,549,328
Expenses				
Wages and benefits	311,361	-	311,361	287,085
Advertising and promotion	43,699	-	43,699	48,110
Run for mom fundraising	-	13,779	13,779	13,949
Professional fees	10,180	-	10,180	12,236
Office and miscellaneous	15,020	-	15,020	12,346
Minor equipment and computer maintenance	4,958	-	4,958	7,603
Insurance	2,152	-	2,152	3,282
Donor/volunteer recognition	103	-	103	1,211
	387,473	13,779	401,252	385,822
Excess (deficiency) of revenues over expenses before the undernoted				
	(31,829)	987,139	955,310	1,163,506
Other expenses				
Capital campaign expenses	-	(120,606)	(120,606)	(601,906)
Disbursements to Fraser Health	(5,989)	(713,290)	(719,279)	(466,224)
	(5,989)	(833,896)	(839,885)	(1,068,130)
Excess of revenues over expenses	\$ (37,818)	\$ 153,243	\$ 115,425	\$ 95,376

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2014 with comparative information for 2013

March 31, 2014	Unrestricted	Restricted	Total
Balance, beginning of year	\$ (177,428)	\$ 2,492,241	\$ 2,314,813
Excess (deficiency) of revenues over expenses	(37,818)	153,243	115,425
Balance, end of year	\$ (215,246)	\$ 2,645,484	\$ 2,430,238

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

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2014 with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenses	\$ 115,425	\$ 95,376
Changes in non-cash operating working capital:		
Accounts receivable	(25,966)	9,303
Accounts payable and accrued liabilities	(190,670)	(183,188)
	(101,211)	(78,509)
Investing activities:		
Increase in short-term investments	(332,106)	(30,545)
Decrease in cash	(433,317)	(109,054)
Cash, beginning of year	739,618	848,672
Cash, end of year	\$ 306,301	\$ 739,618

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2014

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.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for not-for-profit organizations. The significant accounting policies are as follows:

(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) Revenue recognition:

Donations received by the Foundation are recorded as revenue on a cash basis. Interest and investment revenue are recognized when earned.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

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 \$1,100 (2013 - \$nil) to cover disbursements to Fraser Health for capital and minor expenditures. The Foundation also has outstanding campaign pledges receivable of \$248,000 (2013 - \$282,950) for the Central Fraser Valley, \$132,000 (2013 - \$471,200) for the Upper Fraser Valley and \$173,750 (2013 - \$nil) for the Mission Memorial Hospital.

(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)

Year ended March 31, 2014

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)

Year ended March 31, 2014

2. Short-term Investments:

	2014	2013
Rogers Group Financial Securities	\$ 2,738,669	\$ -
Envision term deposit	763,500	750,000
Manulife equity funds	18,402	16,042
RBC Investment Savings Account	-	1,338,502
Manulife Bank Investment Savings Account	-	425,620
Renaissance High Interest Savings Account	-	272,071
Dundee Investment Savings Account	-	271,821
B2B Trust High Interest Investment Account	-	104,174
MacKenzie mutual funds	-	10,235
	<u>\$ 3,520,571</u>	<u>\$ 3,188,465</u>

The above investments are recorded at fair value.

3. Accrued interest and other receivables:

Included in accounts receivable are government receivables related to GST / PST / HST refunds totaling \$30,438 (2013 - \$4,775)

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

4. 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:

	2014	2013
Payments to Fraser Health against Operating Payables	\$ 287,530	\$ 292,359
Payments to Fraser Health against Campaign Payables	423,590	696,575
Payments to Fraser Health against equipment and programs payable	497,082	401,447
Total payments to Fraser Health	\$ 1,208,202	\$ 1,390,381

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

	2014	2013
Amounts payable for wages and operating expenditures paid by Fraser Health on behalf of the Foundation	\$ 54,887	\$ 22,708
Amounts payable for equipment, to be disbursed to Fraser Health	125,298	-
Amounts payable for Foundation commitments, to be disbursed to Fraser Health	7,495	16,258
Amounts payable for Foundation Capital Campaign commitments, to be disbursed to Fraser Health	1,239,125	1,565,022
	\$ 1,426,805	\$ 1,603,988

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.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2014

5. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation manages interest-rate, market, credit and cash flow risk from its financial instruments by investing in a diversified portfolio.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of readily to settle commitments.

6. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.