

Financial Statements of

**FRASER VALLEY HEALTH  
CARE FOUNDATION**

Year ended March 31, 2017



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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, 2017, the statements of operations, changes in fund balances 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 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, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether, as at and for the years ended March 31, 2017 and March 31, 2016 any adjustments might be necessary to donation revenues and excess (deficiency) of revenues over expenses reported in the statement of operations, excess (deficiency) of revenues over expenses reported in the statement of cash flows and current assets and fund balances reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2017.

*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, 2017, 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.

*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 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.

*KPMG LLP*

Chartered Professional Accountants

September 19, 2017

Abbotsford, Canada

# FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Financial Position

Year ended March 31, 2017 with comparative information for 2016


	2017	2016
<b>Assets</b>		
Current assets:		
Cash	\$ 501,901	\$ 738,942
Short-term investments (note 2)	2,747,042	2,632,532
PST and GST receivable	54,895	25,107
	<u>\$ 3,303,838</u>	<u>\$ 3,396,581</u>

## Liabilities and Fund balances

Current liability:		
Accounts payable and accrued liabilities (note 3)	\$ 344,281	\$ 906,986
Fund balances:		
General	910,475	889,931
Restricted	2,049,082	1,599,664
	<u>2,959,557</u>	<u>2,489,595</u>
	<u>\$ 3,303,838</u>	<u>\$ 3,396,581</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# FRASER VALLEY HEALTH CARE FOUNDATION

## Statement of Operations

Year ended March 31, 2017 with comparative information for 2016

	General	Restricted	2017	2016
<b>Revenues:</b>				
Donations	\$ 387,080	\$ 1,618,756	\$ 2,005,836	\$ 1,485,926
Capital campaign donations	-	-	-	84,100
Investment income	80,564	-	80,564	73,580
Unrealized gains (losses) on short-term investments	59,953	-	59,953	(103,586)
	<u>527,597</u>	<u>1,618,756</u>	<u>2,146,353</u>	<u>1,540,020</u>
<b>Expenses:</b>				
Wages and benefits	349,898	-	349,898	341,300
Office and miscellaneous	37,493	-	37,493	21,806
Advertising and promotion	33,210	-	33,210	27,576
Professional fees	31,594	-	31,594	15,421
Investment advisory fees	21,449	-	21,449	9,035
Fundraising expenses	17,570	70,552	88,122	43,339
Donor/volunteer recognition	12,526	-	12,526	8,899
Insurance	2,745	-	2,745	1,550
Minor equipment and computer maintenance	568	-	568	13,429
	<u>507,053</u>	<u>70,552</u>	<u>577,605</u>	<u>482,355</u>
Excess of revenues over expenses before the undernoted	20,544	1,548,204	1,568,748	1,057,665
<b>Other expenses:</b>				
Capital campaign expenses	-	-	-	(149,782)
Disbursements to Fraser Health	-	(1,098,786)	(1,098,786)	(978,623)
	-	(1,098,786)	(1,098,786)	(1,128,405)
Excess (deficiency) of revenues over expenses	\$ 20,544	\$ 449,418	\$ 469,962	\$ (70,740)

See accompanying notes to financial statements.

# FRASER VALLEY HEALTH CARE FOUNDATION

## Statement of Changes in Fund Balances

Year ended March 31, 2017, with comparative information for 2016

March 31, 2017	General	Restricted	Total
Balance, beginning of year	\$ 889,931	\$ 1,599,664	\$ 2,489,595
Excess (deficiency) of revenues over expenses	20,544	449,418	469,962
Balance, end of year	\$ 910,475	\$ 2,049,082	\$ 2,959,557

March 31, 2016	General	Restricted	Total
Balance, beginning of year	\$ (348,312)	\$ 2,908,647	\$ 2,560,335
Excess (deficiency) of revenues over expenses	5,035	(75,775)	(70,740)
Transfer to General Fund	1,233,208	(1,233,208)	
Balance, end of year	\$ 889,931	\$ 1,599,664	\$ 2,489,595

See accompanying notes to financial statements.

# FRASER VALLEY HEALTH CARE FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ 469,962	\$ (70,740)
Items not involving cash:		
Unrealized losses (gains) on short-term investments	(59,953)	103,586
	410,009	32,846
Changes in non-cash operating working capital:		
Accounts receivable	(29,788)	(2,092)
Accounts payable and accrued liabilities	(562,705)	161,207
	(182,484)	191,961
Investing activities:		
Decrease (increase) in short-term investments	(54,557)	290,092
Increase (decrease) in cash	(237,041)	482,053
Cash, beginning of year	738,942	256,889
Cash, end of year	\$ 501,901	\$ 738,942

See accompanying notes to financial statements.

# FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2017

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## **Basis of presentation:**

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 has until November 28, 2018 to transition to the new Societies Act (British Columbia) which became effective November 28, 2016. 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 Authority ("Fraser Health"), within the Fraser Valley Regional Hospital District through providing support for equipment, education, research, operations, construction and development.

The Foundation is a registered charity under the Income Tax Act (the "Act") and as such is not subject to income taxes provided certain requirements of the Act are met.

## **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) Basis of accounting and presentation:**

The Foundation follows the restricted fund method of accounting for contributions, thereby recognizing contributions and investment income as revenue in the appropriate restricted funds as specified by donors. The fund classifications are:

#### **(i) Restricted fund**

On the majority of donations received which have been designated for specific purposes, the Foundation classifies 75% as restricted revenues and 25% as general revenues. The restricted fund balance comprises the cumulative excess of restricted revenue, over the related expenses.

#### **(ii) General fund**

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



# FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

Contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded in the appropriate fund on the accrual basis.

### (c) Pledges:

Pledges receivable are not recorded by the Foundation.

At year end the Foundation has outstanding pledges receivable of \$100,000 (2016 - nil) for Mission Memorial Hospital and \$182,000 (2016 - nil) for Chilliwack General Hospital.

### (d) 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. Actual results could differ from those estimates.

# FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (e) 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.

## 2. Short-term investments:

Short-term investments quoted in an active market are carried at fair value, as follows:

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	2017	2016
Cash and cash equivalents	\$ 98,395	\$ 1,509,527
Bonds and other fixed income securities	1,373,296	280,615
Equities	1,275,351	842,390
	<hr/> \$ 2,747,042	<hr/> \$ 2,632,532

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# FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2017

### 3. Related party transactions:

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

	2017	2016
Payments to Fraser Health against Operating Payables	\$ 372,072	\$ 293,455
Payments to Fraser Health against Campaign Payables	-	444,251
Payments to Fraser Health against equipment and programs payable	510,158	454,043
<b>Total payments to Fraser Health</b>	<b>\$ 882,230</b>	<b>\$ 1,191,749</b>

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

	2017	2016
Amounts payable for wages and general operating expenditures paid by Fraser Health on behalf of the Foundation	\$ 64,598	\$ 92,195
Amounts payable for general equipment, to be disbursed to Fraser Health	241,663	489,075
Amounts payable for Foundation program costs, to be disbursed to Fraser Health	-	40,686
Amounts payable for equipment in respect of Foundation Capital Campaigns, to be disbursed to Fraser Health	-	273,834
	<b>\$ 306,261</b>	<b>\$ 895,790</b>

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, 2017

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## 4. Disclosure of remuneration:

For the fiscal year ending March 31, 2017, the Society paid remuneration of \$75,000 or greater to one employee for services, for a total of \$99,989.

## 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.

There has been no change to the risk exposures from 2016.