

Fraser Valley Health Care Foundation
Financial Statements

March 31, 2020

Independent Auditor's Report

To the Directors of Fraser Valley Health Care Foundation:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Fraser Valley Health Care Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 year ended March 31, 2020, any adjustments might be necessary to donation revenues and excess of revenues over expenses reported in the statement of operations, excess of revenues over expenses reported in the statement of cash flows, and current assets and fund balances reported in the statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended March 31, 2020.

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 Foundation 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 qualified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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:

- 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 our 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 Foundation'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 Foundation'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 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 Foundation 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 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.

Abbotsford, British Columbia

September 15, 2020

MNP LLP

Chartered Professional Accountants

Fraser Valley Health Care Foundation
Statement of Financial Position

As at March 31, 2020

	2020	2019
Assets		
Current		
Cash		
Short-term investments (Note 3)	155,201	141,964
PST and GST receivable	3,976,996	3,962,806
	123,012	118,272
	4,255,209	4,223,042
Liabilities		
Current		
Accounts payable and accruals	98,763	85,781
Commitments (Note 7)		
Subsequent event (Note 8)		
Fund Balances		
General	1,710,294	1,526,391
Restricted	2,446,152	2,610,870
	4,156,446	4,137,261
	4,255,209	4,223,042

Approved on behalf of the Board

PLEASE SIGN HERE

Director

Cristen Gleeson

Director

Dave Sidhu

CRISTEN L. GLEESON
 Lawyer

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The accompanying notes are an integral part of these financial statements

Fraser Valley Health Care Foundation

Statement of Operations

For the year ended March 31, 2020

	General	Restricted	2020	2019
Revenue				
Donations	1,107,842	1,916,940	3,024,782	3,554,357
Investment income	46,337	-	46,337	66,415
Unrealized gains (losses) on short-term investments	(373,499)	-	(373,499)	81,389
	780,680	1,916,940	2,697,620	3,702,161
Expenses				
Advertising and promotion	98,191	-	98,191	76,602
Donor/volunteer recognition	22,233	-	22,233	9,551
Fundraising expenses	91,977	79,063	171,040	106,009
Insurance	5,336	-	5,336	3,345
Investment advisory fees	28,092	-	28,092	31,114
Minor equipment and computer maintenance	1,761	-	1,761	746
Office and miscellaneous	47,439	-	47,439	53,912
Professional fees	29,307	-	29,307	35,712
Wages and benefits	400,390	-	400,390	341,129
	724,726	79,063	803,789	658,120
Excess of revenue over expenses before other items	55,954	1,837,877	1,893,831	3,044,041
Other items				
Disbursements to Fraser Health	-	(2,002,595)	(2,002,595)	(2,086,406)
Unrealized gains on foreign exchange	127,949	-	127,949	19,284
	127,949	(2,002,595)	(1,874,646)	(2,067,122)
Excess (deficiency) of revenue over expenses	183,903	(164,718)	19,185	976,919

The accompanying notes are an integral part of these financial statements

Fraser Valley Health Care Foundation
Statement of Changes in Fund Balances

For the year ended March 31, 2020

	<i>General</i>	<i>Restricted</i>	2020	2019
Balance, beginning of year	1,526,391	2,610,870	4,137,261	3,160,342
Excess (deficiency) of revenue over expenses	183,903	(164,718)	19,185	976,919
Balance, end of year	1,710,294	2,446,152	4,156,446	4,137,261

The accompanying notes are an integral part of these financial statements

Fraser Valley Health Care Foundation

Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	19,185	976,919
Unrealized (gains) losses on short-term investments	373,499	(81,389)
Unrealized gains on foreign exchange	(127,949)	(19,284)
	264,735	876,246
Changes in working capital accounts		
PST and GST receivable	(4,740)	(50,913)
Accounts payable and accruals	12,982	(159,338)
	272,977	665,995
Investing		
Increase in short-term investments	(259,740)	(633,271)
Increase (decrease) in cash resources	13,237	32,724
Cash resources, beginning of year	141,964	109,240
Cash resources, end of year	155,201	141,964

The accompanying notes are an integral part of these financial statements

Fraser Valley Health Care Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

1. Incorporation and nature of the organization

Fraser Valley Health Care Foundation (the "Foundation") was incorporated under the Society Act (B.C.) 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 is a Not-For-Profit organization and is a registered charity under the Income Tax Act, and as such is exempt from federal and provincial income taxes. The purpose of the Foundation 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.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of the generally accepted accounting principles, and include the following significant accounting policies:

Basis of accounting

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

a) 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.

b) General fund

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

Revenue recognition

Donations 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.

Short-term investments

Short-term investments are portfolio investments recorded at fair value, with changes to fair value recorded as investment income or loss.

Included in the portfolio are individual bonds, as well as pooled bond funds. The pooled bond funds invest in federal, provincial, and corporate bonds with a minimum BBB (medium) credit rating. Bonds are valued using published market quotations. The interest rates on bonds range from 2.10% to 4.75% and mature between June 2020 and November 2041.

Pledges

Pledges receivable are not recorded by the Foundation.

At year-end, the Foundation has outstanding pledges receivable of \$124,000 (2019 - \$580,000).

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Foundation's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

Fraser Valley Health Care Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Donated services

The work of the Foundation is dependant on the voluntary services of many individuals. Since these services are not normally purchased by the Foundation, and because of the difficulty in determining their fair value, donated services are not recorded in these financial statements.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

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 Foundation 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.

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Fraser Valley Health Care Foundation
Notes to the Financial Statements
For the year ended March 31, 2020

3. Short-term investments

	2020	2019
Cash trading account	141,578	112,664
Bonds and other fixed income securities	1,481,606	1,333,869
Equities	2,353,812	2,516,273
	3,976,996	3,962,806

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 carried out the following transactions with Fraser Health:

- (a) Payments to Fraser Health against operating payables of \$364,146 (2019 - \$356,571).
- (b) Payments to Fraser Health against equipment and programs payables of \$2,058,002 (2019 - \$2,007,941).

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

- (a) Amounts payable for wages and general operating expenditures paid by Fraser Health on behalf of the Foundation of \$63,074 (2019 - \$20,908).
- (b) Amounts payable for general equipment, to be disbursed to Fraser Health of \$4,200 (2019 - \$40,279).

5. Employee compensation

During the year ended March 31, 2020, the Foundation paid a total of \$107,562 (2019 - \$104,403) in salaries and benefits to one employee with remuneration of \$75,000 or greater.

6. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2020, the following items are denominated in United States currency:

	2020 USD\$	2019 USD\$
Short-term investments	656,387	522,440

Risk Management Policy

The Foundation is exposed to fluctuations in market prices of United States securities and a mix of Canadian fixed income securities, interest rates and credit risks on Canadian fixed income securities. These risks are mitigated by the Foundation's investment policies, standards and procedures which prescribe the asset mix of investments, including the credit ratings of bond issuers. These policies, standards and procedures are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk of the Association is represented by the market value of the investments.

Fraser Valley Health Care Foundation

Notes to the Financial Statements

For the year ended March 31, 2020

6. Financial instruments (Continued from previous page)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Foundation manages interest rate risk by changing the asset mix of investments as required to deal with expected changes in interest rates.

The Foundation is exposed to interest rate risk with respect to its short-term investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation's investments in publicly-traded securities and corporate bonds exposes the Foundation to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

7. Commitments

The Foundation is committed to provide funding of up to \$3,350,000 for various equipment purchases and renovations by the end of March 31, 2022.

8. Subsequent event

Subsequent to March 31, 2020, financial markets have been negatively impacted by the novel Coronavirus or COVID-19, which was declared a pandemic by the World Health Organization on March 12, 2020. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results.