

Victoria Hospital Foundation Inc.
Financial Statements
March 31, 2019

Victoria Hospital Foundation Inc.

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For the year ended March 31, 2019

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Management's Responsibility

To the Members of Victoria Hospital Foundation Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Foundation. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Foundation's external auditors.

MNP LLP is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

May 13, 2019

Executive Director

Independent Auditor's Report

To the Members of Victoria Hospital Foundation Inc.:

Qualified Opinion

We have audited the financial statements of Victoria Hospital Foundation Inc. (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets, cash flows and the related schedule for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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, 2019, 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 non-profit organizations, the Victoria Hospital Foundation Inc. derives revenue from fundraising activities, 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 Victoria Hospital Foundation Inc. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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 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 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.

Those charged with governance are responsible for overseeing the Foundation'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:

- 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, May 13, 2019related 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.

Prince Albert, Saskatchewan

May 13, 2019

MNP LLP

Chartered Professional Accountants

MNP

Victoria Hospital Foundation Inc.
Statement of Financial Position
As at March 31, 2019

	2019	2018
Assets		
Current		
Cash	1,372,618	1,118,433
Accounts receivable (Note 3)	8,574	4,074
Prepaid expenses and deposits	3,977	10,472
	1,385,169	1,132,979
Capital assets (Note 4)	-	419
	1,385,169	1,133,398
Liabilities		
Current		
Accounts payable and accruals	175,557	68,816
Wages payable	36,497	38,075
Deferred contributions (Note 5)	35,275	42,775
	247,329	149,666
Net Assets		
Internally restricted net assets (Note 6)	1,005,043	911,027
Unrestricted net assets	132,797	72,705
	1,137,840	983,732
	1,385,169	1,133,398

Approved on behalf of the Board of Directors

 Director

 Director

The accompanying notes are an integral part of these financial statements

Victoria Hospital Foundation Inc.
Statement of Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Donations	215,318	108,664
Commissions and other	28,413	26,488
Bank interest	13,895	15,034
	257,626	150,186
Expenses		
Salaries and benefits	211,146	208,531
Professional fees	16,815	14,722
Office supplies and expenses	12,172	8,719
Licences and fees	10,694	4,673
Professional development	6,069	11,583
Bank charges and interest	5,623	5,376
Donor/volunteer recognition	442	3,953
Amortization	419	419
Advertising	-	1,955
	263,380	259,931
Deficiency of revenue over expenses before other items	(5,754)	(109,745)
Other items		
Fundraising revenue, net - Schedule 1	817,400	651,626
Donations to Saskatchewan Health Authority	(657,538)	(971,737)
	159,862	(320,111)
Excess (deficiency) of revenue over expenses	154,108	(429,856)

The accompanying notes are an integral part of these financial statements

Victoria Hospital Foundation Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2019

	<i>Internally Restricted Net Assets</i>	<i>Unrestricted Net Assets</i>	<i>2019</i>	<i>2018</i>
Net assets, beginning of year	911,027	72,705	983,732	1,413,588
Excess (deficiency) of revenue over expenses	180,493	(26,385)	154,108	(429,856)
Transfer to unrestricted net assets	(86,477)	86,477	-	-
Net assets, end of year	1,005,043	132,797	1,137,840	983,732

The accompanying notes are an integral part of these financial statements

Victoria Hospital Foundation Inc.
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	154,108	(429,856)
Amortization	419	419
	154,527	(429,437)
Changes in working capital accounts		
Accounts receivable	(4,500)	3,170
Prepaid expenses and deposits	6,495	(7,347)
Accounts payable and accruals	105,163	(51,118)
Deferred contributions	(7,500)	(1,000)
Increase (decrease) in cash resources	254,185	(485,732)
Cash resources, beginning of year	1,118,433	1,604,165
Cash resources, end of year	1,372,618	1,118,433

The accompanying notes are an integral part of these financial statements

Victoria Hospital Foundation Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

1. Description of business

The Victoria Hospital Foundation Inc. ("the Foundation") is a non-profit organization incorporated under the Non-Profit Corporations Act of the Province of Saskatchewan and is a registered charity under the Income Tax Act. As such, the Foundation is exempt from income taxes and eligible to issue donation receipts. The purpose of the Foundation is to fundraise for equipment and programs to enhance local healthcare at the Victoria Hospital and any facilities within the relevant and applicable zone as defined by the Saskatchewan Health Authority ("SHA").

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Years
Computer equipment	2 years
Equipment	5 years

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Fundraising event revenue is recognized when the event has occurred and the Foundation has fulfilled their obligation.

Pledges made are not recognized as revenue until the funds have been received by the Foundation.

Investment income is recognized as revenue when it is earned.

Specific revenue streams of the Foundation include: fundraising and donations.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Victoria Hospital Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2019

2. **Significant accounting policies** *(Continued from previous page)*

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 revenues 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 expenditures in the year the reversal occurs.

Contributed services

Volunteers contribute many hours per year to assist the Foundation in carrying out its service delivery activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

The operating premises are provided to the Foundation at no cost by the Saskatchewan Health Authority. The contribution of this office space and the offsetting rent expense are not reflected in the financial statements.

Measurement uncertainty (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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. **Accounts receivable**

	2019	2018
Accounts receivable	5,370	910
Goods and Services Tax receivable	3,204	3,164
	8,574	4,074

Victoria Hospital Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2019

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>	<i>2018 Net book value</i>
Computer equipment	9,913	9,913	-	-
Equipment	52,242	52,242	-	419
	62,155	62,155	-	419

5. Deferred contributions

	<i>2019</i>	<i>2018</i>
Doctor's Gala	35,275	42,775

Victoria Hospital Foundation Inc.

Notes to the Financial Statements

For the year ended March 31, 2019

6. Internally restricted net assets

	Balance, beginning of year	Excess (deficiency) of revenue over expenses	Disbursements	Transfer from (to) unrestricted net assets	Balance, end of year
Ambulatory Care	13,122	-	(3,702)	(505)	8,915
Autism Services Program	1,000	-	-	(50)	950
Candle Lake Health Centre	(329)	-	-	329	-
Cardiac Rehab Unit / Walk of Life	37,205	16,408	(5,396)	(4,000)	44,217
Chemo Department	34,868	91,606	(52,805)	(5,152)	68,517
Diabetes Education Centre	2,172	(1,995)	-	(50)	127
Dialysis	7,920	175	(6,091)	(107)	1,897
Doctors Gala	1,262	39,289	(25,400)	(15,218)	(67)
Doctors' Trust Fund	1,045	-	-	(1,045)	-
Education Funds	33,812	(196)	(3,814)	(1,096)	28,706
Elks & Royal Purple	14,460	25,789	(7,558)	(5,533)	27,158
Emergency Department	3,759	1,223	-	(334)	4,648
Emma Lake Golf Tournament	-	34,434	-	(34,434)	-
ENT Equipment	84,718	-	(71,004)	-	13,714
Family Medicine Residency Program	494	-	-	(494)	-
Field of the Future - Mental Health	8,069	(664)	(2,742)	(400)	4,263
Give a Little Life Day	220,260	452,368	(267,746)	89,521	494,403
Golf Tournament	33,857	(1,126)	(22,751)	(1,491)	8,489
Goodwill House/ICU	1,837	-	(493)	(1,344)	-
Herb Bassett Home	11,534	15,119	(16,528)	24,543	34,668
Intensive Care Unit	128,873	(5,035)	-	(1,176)	122,662
Level 4	1,156	1,000	(954)	(100)	1,102
Level 6	8,202	-	-	(10)	8,192
Maintenance Department	-	4,000	(878)	(800)	2,322
Memory Boxes	4,650	5,000	-	(250)	9,400
Mental Health	3,448	(50)	-	(490)	2,908
New Hospital Funds	65,554	-	-	(65,554)	-
Nursery	-	7,502	-	(7,502)	-
Obstetrics	2,846	(135)	(2,409)	100	402
Palliative	35,590	2,241	(13,645)	(1,591)	22,595
PAPHR 16/17 Donation	74,162	-	(73,814)	(348)	-
Pediatrics	25,608	264	(35,056)	1,678	(7,506)
Pineview Terrace	1,991	13,575	-	(2,689)	12,877
Senior Care Art Gala	1,297	941	-	(2,238)	-
SLP - Speech, Language Therapies	1,559	-	-	215	1,774
Staff 50/50 Cash Lottery	43,628	129,500	(36,906)	(48,938)	87,284
Stress Lab	276	-	-	150	426
Therapies Department	69	-	-	(69)	-
Volunteer Services	1,053	-	(1,048)	(5)	-
	<u>911,027</u>	<u>831,233</u>	<u>(650,740)</u>	<u>(86,477)</u>	<u>1,005,043</u>

These funds are internally restricted by the Board and can be reallocated based on the needs of the programs and operations.

Victoria Hospital Foundation Inc.
Notes to the Financial Statements

For the year ended March 31, 2019

7. 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.

Fair value

The fair value of cash, accounts receivable and accounts payable approximates their related carrying values due to their short-term nature.

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 is not exposed to interest rate risk with respect to cash which is subject to floating interest rates. The Foundation earns interest at monthly average prime less 2.05%.

Credit risk

The Foundation is not exposed to credit risk on account receivables from donors. The Foundation believes that there is a minimal risk associated with the collection of these amounts.

8. SHA payroll benefits

Effective May 2015, the Saskatchewan Health Authority began charging the Foundation 3.37% for payroll employee benefits. These benefits included the worker's compensation board and extended benefits, which were previously paid for by the Health Authority. Recovery of these expenses began in the 2016 fiscal year.

Payroll benefits now consist of the following amounts:

CPP:	4.950%
EI:	2.320%
DIP:	0.650%
SHEPP Pension:	9.072%
WCB and Extended Benefits:	3.366%

Total benefits charged to the Foundation was 20.36% of gross wages.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

VICTORIA HOSPITAL FOUNDATION INC.
SCHEDULE OF FUNDRAISING REVENUE AND EXPENSES
Year ended March 31, 2019

	2019		Excess (deficiency) of revenue over expenses	2018
	Revenue	Expenses		Excess (deficiency) of revenue over expenses
Ambulatory Care Projects	-	-	-	(372)
Autism Services Program	-	-	-	500
Candle Lake Health Centre	-	-	-	-
Cardiac Rehab Unit / Walk of Life	23,312	6,904	16,408	14,854
Ceiling Lifts	-	-	-	7,500
Chemo Department	91,606	-	91,606	4,047
Diabetes Education Centre	-	1,995	(1,995)	(903)
Dialysis	175	-	175	404
Doctors Gala	70,890	31,601	39,289	37,588
Education Funds	1,510	1,706	(196)	(4,050)
Elks & Royal Purple Dialysis	25,789	-	25,789	1,189
Emergency Department	1,675	452	1,223	4,396
Emergency/Lucas	-	-	-	13,314
Emma Lake Golf Tournament	42,595	8,161	34,434	-
Field of the Future - Mental Health	-	664	(664)	954
Give a Little Life Day	479,416	27,048	452,368	329,202
Golf Tournament	-	1,126	(1,126)	46,070
Herb Bassett Home	20,915	5,796	15,119	(2,509)
ICU Research Trust Fund	-	5,125	(5,125)	-
Intensive Care Unit	90	-	90	(3,456)
JR Birdhouses	7,485	-	7,485	6,940
Level 4	1,000	-	1,000	-
Level 6	-	-	-	50
Maintenance Department	4,000	-	4,000	-
Memory Boxes	5,000	-	5,000	485
Mental Health	2,500	2,550	(50)	-
Mental Health Recreation Therapies	-	-	-	450
Newsletter	-	2,503	(2,503)	(5,258)
Nursery	7,502	-	7,502	-
Obstetrics	104	239	(135)	-
Palliative	2,241	-	2,241	9,227
Pediatrics	264	-	264	1,302
Pineview Terrace Fund	14,695	1,120	13,575	122,286
Planned Giving	-	29,103	(29,103)	(20,615)
Senior Care Art Gala	941	-	941	50
SLP - Speech Language Therapies	-	-	-	5,000
Staff 50/50 Cash Lottery	281,090	151,590	129,500	73,628
Therapies Department	-	-	-	20
Victorian Room	10,795	507	10,288	9,308
Volunteer Services	-	-	-	25
	<u>1,095,590</u>	<u>278,190</u>	<u>817,400</u>	<u>651,626</u>