
Financial statements of
Victoria Hospital Foundation Inc.

March 31, 2020

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Independent Auditor's Report

To the Board of Directors 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, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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 not-for-profit organizations, the Foundation derives revenue from donations and fundraising activities, 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 revenue, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and fund balances as at April 1 and March 31 for both the 2020 and 2019 years. The audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization 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 audit opinion.

Other Matters

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on May 13, 2019.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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.

The signature "Deloitte LLP" is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants
June 16, 2020
Prince Albert, Saskatchewan

Victoria Hospital Foundation Inc.

Statement of operations

Year ended March 31, 2020

| | General Fund | Restricted Fund | 2020 | 2019 |
|--|------------------|--------------------|------------------|-----------|
| Note | \$ | \$ | \$ | \$ |
| Revenue | | | | |
| Donations | 1,012,451 | 689,684 | 1,702,135 | 215,318 |
| Fundraising | — | 248,339 | 248,339 | 814,500 |
| Lottery | | 392,185 | 392,185 | 281,090 |
| Commissions | 27,347 | — | 27,347 | 28,413 |
| Interest income | 16,052 | 5,333 | 21,385 | 13,895 |
| | 1,055,850 | 1,335,541 | 2,391,391 | 1,353,216 |
| Expenses | | | | |
| Fundraising expense | — | 136,841 | 136,841 | 126,600 |
| Lottery | — | 218,613 | 218,613 | 151,590 |
| Salaries and benefits | 218,177 | — | 218,177 | 211,146 |
| Planned giving | 22,735 | — | 22,735 | — |
| Professional fees | 28,768 | — | 28,768 | 16,815 |
| Office supplies | 10,560 | — | 10,560 | 12,172 |
| Licenses and fees | 8,401 | — | 8,401 | 10,694 |
| Professional development | 7,033 | — | 7,033 | 6,069 |
| Bank charges and interest | 4,041 | — | 4,041 | 5,623 |
| Donor/volunteer recognition | 1,791 | — | 1,791 | 442 |
| Amortization | 712 | — | 712 | 419 |
| Advertising | 3,010 | — | 3,010 | — |
| | 305,228 | 355,454 | 660,682 | 541,570 |
| Excess of revenue over expenses before donations to Saskatchewan Health Authority | 750,622 | 980,087 | 1,730,709 | 811,646 |
| Donations to Saskatchewan Health Authority | — | 290,040 | 290,040 | 657,538 |
| Excess of revenue over expenses | 750,622 | 690,047 | 1,440,669 | 154,108 |

The accompanying notes are an integral part of the financial statements.

Victoria Hospital Foundation Inc.**Statement of financial position**

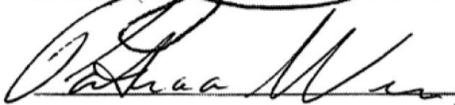
As at March 31, 2020

| | Notes | 2020 \$ | 2019 \$ |
|------------------------|-------|------------------|------------|
| Assets | | | |
| Current assets | | | |
| Cash | | 1,669,598 | 1,372,618 |
| Investments | 4 | 1,000,000 | — |
| Accounts receivable | | 2,805 | 8,574 |
| Prepaid expenses | | 6,526 | 3,977 |
| | | 2,678,929 | 1,385,169 |
| Capital assets | 5 | 712 | — |
| | | 2,679,641 | 1,385,169 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | | 25,301 | 175,557 |
| Wages payable | | 46,831 | 36,497 |
| Deferred contributions | 6 | 29,000 | 35,275 |
| | | 101,132 | 247,329 |
| Fund balances | | | |
| General Fund | | 152,454 | 132,797 |
| Internally restricted | | 829,839 | — |
| Externally restricted | | 1,596,216 | 1,005,043 |
| | | 2,578,509 | 1,137,840 |
| | | 2,679,641 | 1,385,169 |

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors


_____, Director


_____, Director

Victoria Hospital Foundation Inc.
Statement of changes in net assets
Year ended March 31, 2020

| | Notes | General Fund \$ | Restricted Fund \$ | 2020 \$ | 2019 \$ |
|---|-------|-----------------------|--------------------------|------------------|------------|
| Net assets, beginning of year | | 132,797 | 1,005,043 | 1,137,840 | 983,732 |
| Excess of revenue over expenses after donations to | | | | | |
| Saskatchewan Health Authority | | 750,622 | 690,047 | 1,440,669 | 154,108 |
| Internally restricted | 7 | (829,839) | 829,839 | — | — |
| Administrative fees | | 98,874 | (98,874) | — | — |
| Net assets, end of year | | 152,454 | 2,426,055 | 2,578,509 | 1,137,840 |

The accompanying notes are an integral part of the financial statements.

Victoria Hospital Foundation Inc.**Statement of cash flows**

Year ended March 31, 2020

| | 2020 | 2019 |
|----------------------------------|--------------------|-----------|
| | \$ | \$ |
| Operating activities | | |
| Excess of revenues over expenses | 1,440,669 | 154,108 |
| Amortization | 712 | 419 |
| | 1,441,381 | 154,527 |
| Net changes in working capital | | |
| Accounts receivable | 5,769 | (4,500) |
| Prepaid expenses | (2,549) | 6,495 |
| Wages and accounts payable | (139,922) | 105,163 |
| Deferred contributions | (6,275) | (7,500) |
| | 1,298,404 | 254,185 |
| Investing activities | | |
| Purchase of investments | (1,000,000) | — |
| Purchase of capital assets | (1,424) | — |
| | (1,001,424) | — |
| Net increase in cash | 296,980 | 254,185 |
| Cash, beginning of year | 1,372,618 | 1,118,433 |
| Cash, end of year | 1,669,598 | 1,372,618 |

The accompanying notes are an integral part of the financial statements.

Victoria Hospital Foundation Inc.

Notes to the financial statements

March 31, 2020

1. Description of business

The Victoria Hospital Foundation Inc. ("the Foundation") is incorporated as a non-profit organization 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 were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and include the following significant accounting policies:

Revenue recognition and fund accounting

The Foundation follows the restricted fund method whereby externally restricted contributions (grants and donations) are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the General Fund.

The accrual basis of accounting is used for reporting revenue when the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and grants are generally recorded on a cash basis. 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. Commissions income is recognized as revenue when it is received.

The fund classifications are:

(i) General Fund

Donations not specifically designated by donors, unrestricted investment income, unrestricted investment income on specific purpose funds, unrestricted current fundraising proceeds, and administrative fees charged to restricted funds are allocated to the General Fund. Administrative costs pertaining to the Foundation are primarily funded through the General Fund.

(ii) Restricted Fund

Restricted funds relate to patient care, education, equipment and facility initiatives. Restricted funds include funds specifically designated by donors, current fundraising event proceeds, as well as restricted investment income earned on restricted fund balances.

Deferred revenue

Deferred revenue represents fundraising monies received in advance of related events.

Victoria Hospital Foundation Inc.

Notes to the financial statements

March 31, 2020

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. When a capital asset no longer contributes to the Foundation's ability to provide services, its carrying amount is written down to its residual value.

Amortization is provided using the straight-line method over the estimated useful life with amortization taken in the year the assets are put into use.

| <u>Items</u> | <u>Years</u> |
|---------------------------|---------------------|
| <i>Computer equipment</i> | 2 |
| <i>Equipment</i> | 5 |

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets subsequently measured at amortized cost include cash, investments, accounts receivable and prepaid expenses. Financial liabilities measured at amortized cost include accounts payable and wages payable.

Contributed materials and services

The Foundation records the fair value of contributed materials that qualify for receipted in-kind donations, where such fair value is determinable, and would otherwise have been purchased, as revenue along with a corresponding asset or expense.

The operations of the Foundation depends on the contribution of time by volunteers. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these 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.

Administrative fees

The Foundation charges an administrative fee to the restricted fund campaigns based on a percentage of revenue. Total administrative fees charged in 2020 were \$98,874 (\$203,013 in 2019).

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Victoria Hospital Foundation Inc.

Notes to the financial statements

March 31, 2020

2. Significant accounting policies (continued)

Adoption of new accounting standards

The Foundation has adopted ASNPO Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations; Section 4434, Intangible Assets Held by Not-for-Profit Organizations; and Section 4441, Collections Held by Not-for-Profit Organizations. These accounting standards are effective for fiscal years beginning on or after January 1, 2019. The adoption of these standards did not affect the financial statements.

3. Transfer to Saskatchewan Health Authority (qualified donee)

In the current year, transfers to a qualified donee, Saskatchewan Health Authority in the amount of \$290,040 (\$657,538 in 2019) were made in accordance with directions from the donors.

4. Investments

Investments consist of one term deposit held at Conexus Credit Union. The fair values of the investment as of March 31, 2020 is \$1,000,000.

The term deposit has an interest rate of 1.51% and matures May 14, 2020.

5. Capital Assets

| | Cost | Accumulated amortization | 2020 Net book value | 2019 Net book value |
|--------------------|---------------|-------------------------------------|------------------------------------|---------------------------|
| | \$ | \$ | \$ | \$ |
| Computer Equipment | 11,336 | 10,624 | 712 | — |
| Equipment | 52,242 | 52,242 | — | — |
| | 63,578 | 62,866 | 712 | — |

6. Deferred Contributions

| | 2020 | 2019 |
|---------------|---------------|--------|
| | \$ | \$ |
| Doctor's Gala | 29,000 | 35,275 |

7. Internally restricted

| | Beginning balance \$ | Transfers from General Fund \$ | End balance \$ |
|--|----------------------------|---|-------------------------------|
| Birchview Seniors Home | — | 5,000 | 5,000 |
| Give a Little Life Day | — | 800,525 | 800,525 |
| Herb Basset Home | — | 24,254 | 24,254 |
| ICU Research Trust Fund | — | 60 | 60 |
| Total Internally Restricted Funds | — | 829,839 | 829,839 |

The Foundation's policy is that funds held for 18 months for which there is no demonstrated need by the Saskatchewan Health Authority, may be redistributed.

8. Financial instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2020.

Credit risk

The Foundation is exposed to credit risk with respect to accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Interest rate risk

The Foundation is exposed to interest rate risk on its fixed-rate financial instruments, which consist solely of term deposits. Fixed-rate instruments subject the Foundation to a risk of changes in fair value. This risk is mitigated by the investment policy.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. The Foundation manages its liquidity risk by monitoring forecasted and actual cash flows and financial liability maturities and by holding assets that can be readily converted into cash. As of March 31, 2020 the most significant financial liability is accounts and wages payable.

9. Interfund transfers

To meet the objectives of financial reporting and stewardship over the general and restricted funds, transfers between the funds are made when it is considered appropriate and approved by either the donor or the Board. An amount of \$829,839 (\$86,477 in 2019) was transferred from the General Fund to the Restricted Fund.

Victoria Hospital Foundation Inc.

Notes to the financial statements

March 31, 2020

10. 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.

11. COVID-19

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. These public health and emergency measures resulting in an economic slowdown, restrictions on public gatherings and activities. As of the date these financial statements were issued, the Foundation has postponed the annual Gala fundraising event until 2021. The duration and impact of COVID-19 is unknown. Potential impacts include loss of revenue and challenges associated with a remote or unavailable workforce.

12. Comparative figures

Certain figures for 2019 have been reclassified to conform to the presentation adopted in 2020.