

Victoria Hospital Foundation Inc.
Financial Statements
March 31, 2022

Victoria Hospital Foundation Inc.

Contents

For the year ended March 31, 2022

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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.

June 21, 2022



Executive Director

Independent Auditor's Report

To the Members of Victoria Hospital Foundation Inc.:

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, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022, 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 Opinion

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 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.

Independent Auditor's Report *continued*

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.

Prince Albert, Saskatchewan

June 21, 2022

MNP LLP

Chartered Professional Accountants

Victoria Hospital Foundation Inc.
Statement of Financial Position

As at March 31, 2022

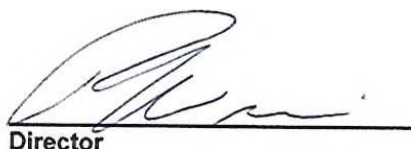
	General Fund	Restricted Fund	2022	2021
Assets				
Current				
Cash	848,908	1,109,728	1,958,636	1,910,890
Investments	-	-	-	1,000,000
Accounts receivable	5,183	-	5,183	1,462
Prepaid expenses and deposits	6,782	-	6,782	9,329
Interfund transfer	360,559	-	360,559	527,230
	1,221,432	1,109,728	2,331,160	3,448,911
Tangible capital assets (Note 3)	1,085	-	1,085	-
	1,222,517	1,109,728	2,332,245	3,448,911
Liabilities				
Current				
Accounts payable and accruals	968,818	-	968,818	226,592
Deferred contributions	-	-	-	8,000
Wages payable	28,493	-	28,493	32,638
Interfund transfer	-	360,559	360,559	527,230
	997,311	360,559	1,357,870	794,460
Net Assets				
General fund	225,206	-	225,206	243,829
Internally restricted	-	289,499	289,499	709,633
Externally restricted	-	459,670	459,670	1,700,989
	225,206	749,169	974,375	2,654,451
	1,222,517	1,109,728	2,332,245	3,448,911

Approved on behalf of the Board of Directors

Director



Lyle Karasiuk
Chair, VHF Board



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, 2022

	<i>General Fund</i>	<i>Restricted Fund</i>	2022	2021
Revenue				
Donations	139,521	948,083	1,087,604	897,685
Lottery (net) <i>(Note 4)</i>	-	237,716	237,716	231,305
Fundraising	-	183,903	183,903	36,599
Interest income	19,936	5,821	25,757	31,825
Commissions	15,423	-	15,423	10,779
	174,880	1,375,523	1,550,403	1,208,193
Expenses				
Salaries and benefits	188,051	-	188,051	181,866
Professional fees	51,183	81,223	132,406	21,792
Fundraising expense	425	41,945	42,370	27,459
Office supplies	19,476	-	19,476	12,009
Planned giving	15,239	-	15,239	7,310
Donor/volunteer recognition	11,357	-	11,357	528
Licenses and fees	-	5,634	5,634	5,955
Bank charges and interest	4,729	-	4,729	5,360
Professional development	4,209	-	4,209	3,960
Amortization	271	-	271	712
	294,940	128,802	423,742	266,951
Excess (deficiency) of revenue over expenses before other items	(120,060)	1,246,721	1,126,661	941,242
Other items				
Donations to Saskatchewan Health Authority <i>(Note 5), (Note 9)</i>	-	(2,806,737)	(2,806,737)	(865,300)
Excess (deficiency) of revenue over expenses	(120,060)	(1,560,016)	(1,680,076)	75,942

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, 2022

	<i>General Fund</i>	<i>Restricted Fund</i>	2022	<i>2021</i>
Net assets, beginning of year	243,829	2,410,622	2,654,451	2,578,509
Excess (deficiency) of revenue over expenses	(120,060)	(1,560,016)	(1,680,076)	75,942
Interfund transfer (Note 6)	101,437	(101,437)	-	-
Net assets, end of year	225,206	749,169	974,375	2,654,451

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, 2022

	<i>General Fund</i>	<i>Restricted Fund</i>	2022	2021
Cash provided by (used for) the following activities				
Operating				
Excess (deficiency) of revenue over expenses	(120,060)	(1,560,016)	(1,680,076)	75,942
Amortization	271	-	271	712
	(119,789)	(1,560,016)	(1,679,805)	76,654
Changes in working capital accounts				
Accounts receivable	(3,721)	-	(3,721)	1,343
Prepaid expenses and deposits	2,547	-	2,547	(2,803)
Accounts payable and accruals	742,226	-	742,226	201,292
Wages payable	(4,145)	-	(4,145)	(14,194)
Deferred contributions	-	(8,000)	(8,000)	(21,000)
	617,118	(1,568,016)	(950,898)	241,292
Investing				
Purchase of investments	-	-	-	(1,000,000)
Proceeds on disposal of investments	-	-	-	1,000,000
Proceeds on disposal of investments	-	1,000,000	1,000,000	-
Purchase of tangible capital assets	(1,356)	-	(1,356)	-
	(1,356)	1,000,000	998,644	-
Increase in cash resources	615,762	(568,016)	47,746	241,292
Cash resources, beginning of year	1,019,507	891,383	1,910,890	1,669,598
Interfund adjustments	(786,361)	786,361	-	-
Cash resources, end of year	848,908	1,109,728	1,958,636	1,910,890

The accompanying notes are an integral part of these financial statements

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").

Impact on operations of COVID-19 (coronavirus)

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on organizations through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations, and isolation/quarantine orders.

The Corporation's operations were impacted by COVID-19 by the cancellation and restructuring of some fundraising events.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause further fundraising event disruptions, and increased government regulations, which may negatively impact the Corporation's objective and financial condition.

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:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, and maintains two funds: General Fund and Restricted Fund.

The General Fund reports the Foundation's revenue and expenses not specifically designated by donors, unrestricted investment income, unrestricted 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.

The Restricted Fund reports the Foundation's revenue and expenses related 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.

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.

Revenue recognition

The Foundation uses the restricted fund method of accounting for contributions. Restricted contributions related to grants and donations are recognized as revenue of the Restricted Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies (Continued from previous page)

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible 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

Contributed materials and services

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

The operations of the Foundations depends on the contribution time by volunteers. The fair value of donated service cannot be reasonably determined and is therefore 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 collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Financial instruments

The Foundation recognizes financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

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

The Foundation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Foundation's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

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

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 excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. 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.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, 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 at the statement of financial position date; 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 (deficiency) 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 excess (deficiency) of revenue over expenses in the year the reversal occurs.

3. Tangible capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	11,336	11,336	-	-
Equipment	53,598	52,513	1,085	-
	64,934	63,849	1,085	-

4. Lottery (net)

During the year, a staff 50/50 lottery was held on behalf of the Foundation. The Foundation received net contributions from this event of \$237,716 (2021 - \$231,305), which are reported in the statement of operations. Gross revenue and expenses related to this event were \$555,135 (2021 - \$519,110) and \$317,419 (2021 - \$287,805), respectively.

5. Transfer to Saskatchewan Health Authority (qualified donee)

In the current year, transfers in the amount of \$2,806,737 (2021 - \$865,300) were made to or on behalf of a qualified donee, Saskatchewan Health Authority, in accordance with directions from the donors.

6. Interfund transactions

The Foundation charges an administration fee to the restricted fund campaigns based on a percentage of revenue. During the year, the Foundation transferred \$nil (2021 - \$98,874) from the Restricted Fund to the Foundation's General Fund.

In addition, 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.

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 \$101,437 (2021 - \$120,206) was transferred to the General Fund from the Restricted Fund.

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.

Credit risk

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

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 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. The risk is mitigated by the investment policy. The Foundation is not exposed to interest rate risk with respect to cash which is subject to floating interest rates.

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 23.22% (2021 - 20.36%) of gross wages.

9. Comparative figures

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

Certain expenses totaling \$29,161 paid to third parties on behalf of the Saskatchewan Health Authority in 2021 were reported as fundraising expenditures. These have been reclassified as Donations to Saskatchewan Housing Authority.