

Financial Statements of

**FRASER VALLEY HEALTH
CARE FOUNDATION**

Year ended March 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Directors of Fraser Valley Health Care Foundation

We have audited the accompanying financial statements of Fraser Valley Health Care Foundation, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fraser Valley Health Care Foundation as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KPMG LLP

Chartered Professional Accountants

September 14, 2016

Abbotsford, Canada

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Financial Position

Year ended March 31, 2016 with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Cash	\$ 738,942	\$ 256,889
Short-term investments (note 2)	2,632,532	3,026,210
PST and GST receivable	25,107	23,015
	<u>\$ 3,396,581</u>	<u>\$ 3,306,114</u>

Liabilities and Fund balances

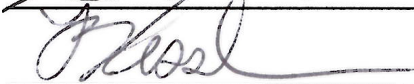
Current liability:		
Accounts payable and accrued liabilities (note 3)	\$ 906,986	\$ 745,779
Fund balances:		
General	889,931	(348,312)
Restricted	1,599,664	2,908,647
	<u>2,489,595</u>	<u>2,560,335</u>
	<u>\$ 3,396,581</u>	<u>\$ 3,306,114</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

FRASER VALLEY HEALTH CARE FOUNDATION

Statements of Operations

Year ended March 31, 2016 with comparative information for 2015

	General	Restricted	2016	2015
Revenues				
Donations	\$ 463,836	\$ 1,022,090	\$ 1,485,926	\$ 746,822
Capital campaign donations	10,987	73,113	84,100	318,409
Investment income	73,207	373	73,580	31,296
Unrealized gains (losses) on short-term investments	(103,586)	-	(103,586)	70,652
	<u>444,444</u>	<u>1,095,576</u>	<u>1,540,020</u>	<u>1,167,179</u>
Expenses				
Wages and benefits	341,300	-	341,300	393,146
Advertising and promotion	27,576	-	27,576	54,312
Professional fees	15,421	-	15,421	16,643
Office and miscellaneous	21,806	-	21,806	13,839
Investment advisory fees	9,035	-	9,035	8,803
Minor equipment and computer maintenance	13,429	-	13,429	6,248
Insurance	1,550	-	1,550	1,790
Donor/volunteer recognition	8,399	500	8,899	972
Fundraising expenses	893	42,446	43,339	15,560
	<u>439,409</u>	<u>42,946</u>	<u>482,355</u>	<u>511,313</u>
Excess of revenues over expenses before the undernoted	5,035	1,052,630	1,057,665	655,866
Other expenses				
Capital campaign expenses	-	(149,782)	(149,782)	(65,834)
Disbursements to Fraser Health	-	(978,623)	(978,623)	(459,935)
	-	<u>(1,128,405)</u>	<u>(1,128,405)</u>	<u>(525,769)</u>
Excess (deficiency) of revenues over expenses	\$ 5,035	\$ (75,775)	\$ (70,740)	\$ 130,097

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Changes in Fund Balances

Year ended March 31, 2016 with comparative information for 2015

<u>March 31, 2016</u>	<u>General</u>	<u>Restricted</u>	<u>Total</u>
Balance, beginning of year	\$ (348,312)	\$ 2,908,647	\$ 2,560,335
Excess (deficiency) of revenues over expenses	5,035	(75,775)	(70,740)
Transfer to General Fund (note 4)	1,233,208	(1,233,208)	-
<u>Balance, end of year</u>	<u>\$ 889,931</u>	<u>\$ 1,599,664</u>	<u>\$ 2,489,595</u>

<u>March 31, 2015</u>	<u>General</u>	<u>Restricted</u>	<u>Total</u>
Balance, beginning of year	\$ (215,246)	\$ 2,645,484	\$ 2,430,238
Excess (deficiency) of revenues over expenses	(133,066)	263,163	130,097
<u>Balance, end of year</u>	<u>\$ (348,312)</u>	<u>\$ 2,908,647</u>	<u>\$ 2,560,335</u>

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Statement of Cash Flows

Year ended March 31, 2016 with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (70,740)	\$ 130,097
Items not involving cash:		
Unrealized losses (gains) on short-term investments	103,586	(70,652)
	32,846	59,445
Changes in non-cash operating working capital:		
Accounts receivable	(2,092)	18,304
Accounts payable and accrued liabilities	161,207	(692,174)
	191,961	(614,425)
Investing activities:		
Decrease in short-term investments	290,092	565,013
Increase (decrease) in cash	482,053	(49,412)
Cash, beginning of year	256,889	306,301
Cash, end of year	\$ 738,942	\$ 256,889

See accompanying notes to financial statements.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements

Year ended March 31, 2016

General:

Fraser Valley Health Care Foundation (the "Foundation") was incorporated under the Society Act (British Columbia) on April 11, 2002 in order to continue to undertake the activities previously conducted by the Fraser Valley Health Care Foundation Society and the Chilliwack Hospital Foundation Society. The Foundation's principal purpose is to raise funds to further the improvement of health care in the facilities and programs operated, funded or endorsed by Fraser Health within the Fraser Valley Regional Hospital District through providing support for equipment, education, research, operations, construction and development.

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

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Basis of accounting and presentation:

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

(i) Restricted fund

On the majority of donations received which have been designated for specific purposes, the Foundation classifies 75% (2015 - 81%) as restricted revenues and 25% (2015 - 19%) as general revenues. The restricted fund balance comprises the cumulative excess of restricted revenue, over the related expenses.

(ii) General fund

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

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

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

(c) Pledges:

Pledges receivable are not recorded by the Foundation.

However, at year-end, the Foundation has outstanding general pledges receivable of \$nil (2015 - \$18,915) to cover disbursements to Fraser Health for capital and minor expenditures. The Foundation also has outstanding campaign pledges receivable of \$nil (2015 - \$200,750) for the Central Fraser Valley, \$5,000 (2015 - \$132,000) for the Upper Fraser Valley and \$nil (2015 - \$1,000) for the Mission Memorial Hospital.

(d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(e) Financial Instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Short-term investments:

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

	2016	2015
Cash and cash equivalents	\$ 1,509,527	\$ 1,821,783
Bonds and other fixed income securities	280,615	139,956
Equities	842,390	1,064,471
	<u>\$ 2,632,532</u>	<u>\$ 3,026,210</u>

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

3. 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 incurred the following transactions with Fraser Health:

	2016	2015
Payments to Fraser Health against Operating Payables	\$ 293,455	\$ 339,199
Payments to Fraser Health against Campaign Payables	444,251	718,538
Payments to Fraser Health against equipment and programs payable	454,043	362,028
Total payments to Fraser Health	\$ 1,191,749	\$ 1,419,765

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

	2016	2015
Amounts payable for wages and general operating expenditures paid by Fraser Health on behalf of the Foundation	\$ 92,195	\$ 37,892
Amounts payable for general equipment, to be disbursed to Fraser Health	489,075	51,298
Amounts payable for Foundation program costs, to be disbursed to Fraser Health	40,686	72,992
Amounts payable for equipment in respect of Foundation Capital Campaigns, to be disbursed to Fraser Health	273,834	574,600
	\$ 895,790	\$ 736,782

Transactions with related parties occur in the normal course of operations and are measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

FRASER VALLEY HEALTH CARE FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

4. Transfer of equity to General Fund:

For 2016, the directors of the Foundation have resolved to transfer \$1,233,208 from the Restricted Fund to the General Fund. The transfer relates to unspent funds raised in prior years for the capital project of the Abbotsford Regional Hospital Cancer Centre, with the intention to make surplus funds available for future anticipated general needs of the Abbotsford Hospital.

5. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation manages interest-rate, market, credit and cash flow risk from its financial instruments by investing in a diversified portfolio.

Additionally, the Foundation believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of readily to settle commitments.

6. Comparative information:

Certain of the comparative figures have been reclassified, where applicable, to conform to the presentation adopted in the current year.