

**NANAIMO & DISTRICT HOSPITAL FOUNDATION**  
***FINANCE, INVESTMENT, & AUDIT COMMITTEE***  
**Septemer 11, 2018 @ 3.00pm – 4.30pm**  
*Boardroom in the former NDHF office*  
*1801 Bowen Road, Madsen Centre*

**AGENDA**

1. Call to Order – Chair Moira Jenkins
2. Approval of the Agenda 1 min
3. Approval of Minutes – June 11, and July 16, 2018 Meetings 5 min
4. Presentation of the Audited Financial Statements – Auditor Cara Light 40 min
5. Review of 1<sup>st</sup> Quarter Financial Report 20 min
6. Review of EE7 and EE8 Monitoring Reports 20 min
7. Update on Sale of Strata Units 5 min
8. Adjournment

# NANAIMO & DISTRICT HOSPITAL FOUNDATION

## Finance, Investments & Audit Committee

### Minutes

Bowen Road Board Room

June 11, 2018: 3.00pm

---

<b>Present:</b>	<b>G. Scott (Chair)</b>	<b>J. Perrino (CEO)</b>
	<b>P. Birrer (Vice-Chair)</b>	<b>S. Ryan (CFO)</b>
	<b>M. Jenkins (Treasurer)</b>	<b>T. May (Accountant)</b>
	<b>M. Smith</b>	<b>A. Nemeth – TD Private Investment</b>
	<b>H. Popple</b>	<b>C. Light – Grant Thornton</b>
		<b>B. Maguire – Grant Thornton</b>

#### Call to Order:

Moira Jenkins called the meeting to order at 3.04 pm

#### Approval of Agenda:

Agenda approved as presented.

**MOTION: to accept the Agenda as presented**

**Moved by: M. Smith, Seconded by: P. Birrer**

#### Approval of May 8, 2018 Meeting Minutes:

Minutes approved as presented.

**MOTION: to approved the Minutes as presented**

**Moved by: M. Smith, Seconded by: P. Birrer**

#### Investment Manager Presentation & Discussion of EE9, Investment of Funds:

Anna Nemeth, with TD Private Investment Counsel, reviewed the Foundation's Portfolio with the Committee. The portfolio was discussed in detail and information was provided on the Foundation's current asset mix guidelines, the portfolio asset mix in relation to these guidelines, portfolio performance on an annual and annualized basis, and portfolio performance as compared to the benchmark. An economic and market update and outlook was provided, and, in response to a question from the Committee, Anna Nemeth agreed to provide additional information on the impact of the steel and aluminium tariffs on our portfolio. The Committee agreed to change the asset class allowable range from 60%-80% to 50%-80% for Fixed Income, and from 20%-40% to 20%-50% for Equities.

The Treasurer led a discussion on EE9, and whether any changes are recommended by our Investment Advisor. Return objectives were revised to reflect the current asset mix as, with a heavy weighting in fixed income, the target annual return will be hard to meet and maintain on a sustained basis. The target annual return was amended from 4%-5% to 3%-5% gross. A number of changes were made to the points included in paragraph 10 – see attached draft.

**MOTION: To recommend approval of Policy EE9, as amended, to the Board  
Moved by: P. Birrer, Seconded by: H. Popple**

**Presentation of the Audit Plan:**

Cara Light, the Foundation's Auditor, presented the Audit Planning Report to the Committee, and outlined the role of the Auditor, Committee, and Staff. She presented the Milestones and Deliverables for the Audit and reviewed in detail the Audit process, and the audit procedures for Key Financial Reporting Areas. The Committee then went in-camera to further discuss the Audit with the auditors.

**Update on Sale of Strata Units:**

The CEO updated the Committee on the progress of the sale of our Strata Units at 1801 Bowen Road as the real estate listing expires on June 30, 2018. The Committee discussed options at length and decided not to renew the listing at this time, asking staff to prepare a discussion paper on options for the September meeting.

**MOTION: To recommend to the Board that the Listing with NAI Commercial not be renewed at this time  
Moved by: M. Smith, Seconded by: H. Popple**

**MOTION: To request staff to prepare an options paper for discussion at the September Committee Meeting  
Moved by: Greg Scott, Seconded by: P. Birrer**

**Future Meeting Dates**

Thursday, September 13, 3pm  
Thursday, November 8, 3pm  
Thursday, February 14, 3pm

**Adjournment:** The meeting adjourned at 4.45 pm



commercial real estate in Nanaimo – there is a lot available for sale. As far as the proposed lease rate, he felt it was still a little high as market rents for similar properties are between \$17 and \$20 per foot. He felt we could counter by asking for 3 months free base rent, plus a tenant improvement allowance of 'somewhere around' \$10 per square foot.

The Committee discussed the offer at length. Members commented that the sale price of the unit would pay off the outstanding mortgage entirely. We would still own Unit 202, which we could rent out to mitigate the costs of the lease on Unit 102. We could also sell the unit and realize our equity. It was noted that other tenants in the building pay between \$24 and \$26 per square foot, so this offer, although slightly above market, is within the range of other rents in the building. Some members felt there could be some risk to the Foundation's reputation if it became public that we had sold the building to a Board member and rented it back at above market rent. Members felt generally this was a low risk, and our decision is defensible because our main objective is to sell the building and pay off our debt, thereby incurring no future interest costs. In fact, given the difference between the proposed rent and our costs, we would save money by selling.

The Committee agreed to make one last counter-offer to the buyer for either three months free base rent, or \$10 per square foot for tenant improvements. The Committee agreed that \$532,000 as the purchase price was acceptable, and a lease rate of \$25 per square foot for five years, with two five year options to renew at mutually agreed upon rents, was also acceptable. The offer will be made subject to Board approval.

The CEO will arrange a Board meeting early in the week of July 23 to approve the offer.

**Adjournment:** The meeting adjourned at 9.15 am

REVENUE 2018/2019		Q1 2018	18/19 YTD	2018/2019	YTD %	2017	2017/2018
Source	Q1 Budget	Apr-Jun	Totals	Budget	Budget	Apr-Jun	Actual (9M)
Individuals	\$275,000	\$120,876	\$120,876	\$1,100,000	11%	\$401,409	\$525,492
Corporate	\$55,000	\$25,605	\$25,605	\$220,000	12%	\$92,056	\$108,517
Grants & Foundations	\$30,000	\$12,453	\$12,453	\$120,000	10%	\$29,749	\$130,534
Service Clubs & Community Organizations	\$27,500	\$22,144	\$22,144	\$110,000	20%	\$10,084	\$44,870
Tributes	\$18,750	\$12,296	\$12,296	\$75,000	16%	\$15,077	\$31,618
Estates	\$225,000	\$433,767	\$433,767	\$900,000	48%	\$85,344	\$1,583,825
Third Party Gifts & Events	\$30,000	\$7,888	\$7,888	\$120,000	7%	\$34,954	\$33,411
Other Income (Includes rent revenue, ATM's, LL&CB Mngt Fees & Donations)	\$53,750	\$37,043	\$37,043	\$215,000	17%	\$43,232	\$114,881
Investment Income	\$35,000	\$39,118	\$39,118	\$140,000	28%	\$29,037	\$71,629
<b>Total Revenue</b>	<b>\$750,000</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$3,000,000</b>	<b>24%</b>	<b>\$740,941</b>	<b>\$2,644,777</b>
<b>Net Income from Lifeline</b>		<b>\$21,579</b>	<b>\$21,579</b>	<b>\$4,000</b>	<b>539%</b>	<b>\$5,732</b>	<b>\$8,572</b>
<b>Net Income from Code Brew</b>		<b>\$36,772</b>	<b>\$36,772</b>	<b>\$17,500</b>	<b>210%</b>	<b>\$23,244</b>	<b>\$45,955</b>
<b>EXPENSES 2018-2019</b>							
<b>Administration Costs</b>							
Bank & Investment Fees	\$8,250	\$7,056	\$7,056	\$33,000	21%	\$4,166	\$22,131
Board Expenses	\$1,500	\$64	\$64	\$6,000	1%	\$133	\$2,920
Education	\$1,250	\$4,660	\$4,660	\$5,000	93%	\$0	\$0
Insurance	\$1,000	\$954	\$954	\$4,000	24%	\$856	\$2,651
Mortgage Interest	\$0	\$0	\$0	\$0	0%	\$4,574	\$7,494
Occupancy Costs	\$0	\$943	\$943	\$0	0%	\$12,620	\$13,825
Office Expenses	\$350	\$2,405	\$2,405	\$1,400	172%	\$74	\$2,931
Professional Fees	\$5,050	\$105	\$105	\$20,200	1%	\$19,053	\$19,366
Salaries & Benefits	\$177,300	\$174,902	\$174,902	\$709,200	25%	\$225,171	\$460,405
Software, Website & Computer Lease Costs	\$12,550	\$11,771	\$11,771	\$50,200	23%	\$15,015	\$43,726
Subscriptions & Dues	\$2,000	\$1,244	\$1,244	\$8,000	16%	\$1,439	\$3,352
Telephone	\$1,250	\$1,106	\$1,106	\$5,000	22%	\$1,138	\$3,213
Travel & Mileage (Volunteers & Staff)	\$1,250	\$239	\$239	\$5,000	5%	\$509	\$1,111
Amortization	\$9,500	\$8,665	\$8,665	\$38,000	23%	\$9,446	\$26,238
<b>Total Administration Costs</b>	<b>\$221,250</b>	<b>\$214,115</b>	<b>\$214,115</b>	<b>\$885,000</b>	<b>25%</b>	<b>\$294,193</b>	<b>\$609,363</b>
<b>Fundraising Costs</b>							
Christmas & Spring Appeal	\$20,000	\$16,854	\$16,854	\$80,000	21%	\$41,119	\$41,119
Events	\$7,500	\$2,402	\$2,402	\$30,000	8%	\$18,851	\$18,851
Donor Relations & Planned Giving	\$15,000	\$3,135	\$3,135	\$60,000	5%	\$9,699	\$9,699
<b>Total Fundraising Costs</b>	<b>\$42,500</b>	<b>\$22,391</b>	<b>\$22,391</b>	<b>\$170,000</b>	<b>13%</b>	<b>\$29,948</b>	<b>\$69,669</b>
<b>Total Costs</b>	<b>\$263,750</b>	<b>\$236,506</b>	<b>\$236,506</b>	<b>\$1,055,000</b>	<b>23%</b>	<b>\$324,141</b>	<b>\$679,032</b>
<b>Net Income</b>		<b>\$474,683</b>	<b>\$474,683</b>	<b>\$1,945,000</b>		<b>\$416,800</b>	<b>\$1,965,745</b>
			33%	35%		44%	26%
<b>Grants - CASH BASIS</b>		<b>\$97,962</b>	<b>\$97,962</b>	<b>\$2,000,000</b>	<b>5%</b>	<b>\$286,812</b>	<b>\$1,312,073</b>

Increase in prop tax will be paid back by Lifeline in Q2

BALANCE SHEET HIGHLIGHTS		At JUN 30 2018	At MAR 28 2018
<b>Assets</b>			
Bank Balances:		\$1,707,969	\$1,392,677
Investments - Unrestricted		\$759,346	\$869,802
Investments - Endowments		\$1,368,341	\$1,221,200
Investment in Businesses		\$533,108	\$505,435
Due from Code Brew		\$55,068	\$50,000
Due from Lifeline		\$40,092	\$40,000
Capital Assets		\$767,487	\$776,152
Other Assets		\$136,138	\$32,724
<b>Total Assets</b>		<b>\$5,367,548</b>	<b>\$4,887,990</b>
<b>Liabilities</b>			
Due to Island Health		\$0	\$0
Trade Payables		\$47,716	\$5,893
Building Mortgage		\$501,091	\$514,050
Unrestricted Fund Balance		\$2,202,287	\$2,070,048
Restricted Fund Balance		\$1,245,178	\$1,087,434
Endowment Fund Balance		\$1,371,276	\$1,210,565
<b>Total Liabilities</b>		<b>\$5,367,548</b>	<b>\$4,887,990</b>
<b>Outstanding Equipment Invoices - Island Health</b>			
<b>Amount Committed &amp; Owing</b>		<b>\$633,561</b>	<b>\$269,027</b>
			<b>17/18 Remaining Equipment + Office Reno + 18/19 new commitments</b>

SCHEDULE OF COMMITMENTS						
Item/Project	Fund/Project	Date Committed	Amount			
			Committed	Paid to Jun 2018	Not Yet Invoiced	
Office Space at NRGH		2017	209,800.00	117,138.14	92,661.86	
Patient Stretchers	Xmas Campaigns	2017	12,556.32	-	12,556.32	
Operating Room Patient Stretchers	Xmas Campaigns	2017	75,338.00	40,754.36	34,583.64	
Wolf Flexible Cystoscopes	Xmas Campaigns	2017	42,566.24	-	42,566.24	
LED Steris Surgical Lights	Xmas Campaigns	2017	33,882.18	20,938.00	12,944.18	
<b>2018-2019</b>						
Bedside Patient Monitors (7)	Spring	2018	342,763.89	-	342,763.89	
Lifepacks + Rhineoscopes	Annual	2018	45,485.09	-	45,485.09	
SIM doll / course / accessories	Annual	2018	50,000.00	-	50,000.00	
			<b>\$ 812,391.72</b>	<b>\$ 178,830.50</b>	<b>\$ 633,561.22</b>	



	July	August	September	October	November	December	January	February	March	April	May	June	Totals
<b>2015-2016</b>													
Individuals	\$19,213	\$231,642	\$30,437	\$73,923	\$119,260	\$122,463	\$217,035	\$253,386	\$82,844	\$76,820	\$148,452	\$33,151	\$1,408,625
Corporate	\$19,217	\$14,689	\$23,237	\$16,725	\$31,765	\$25,499	\$15,128	\$4,332	\$24,654	\$55,265	\$27,864	\$10,574	\$268,948
Grants & Fdns	\$13,702	\$103	\$5,450	\$0	\$21,529	\$1,100	\$0	\$0	\$0	\$8,677	\$27,922	\$39,940	\$118,422
SC & CO	\$1,350	\$500	\$2,500	\$16,184	\$888	\$7,836	\$9,122	\$2,228	\$23,760	\$15,486	\$4,340	\$7,590	\$91,785
Tributes	\$4,696	\$1,900	\$2,500	\$4,200	\$34,304	\$12,226	\$2,330	\$2,885	\$3,530	\$8,000	\$3,311	\$7,310	\$86,042
Estates	\$212,589	\$0	\$5,000	\$2,410	\$410,651	\$32,368	\$53,861	\$4,257	\$5,000	\$18,589	\$0	\$4,059	\$748,783
Other Income	\$531	\$401	\$11,563	\$2,741	\$2,855	\$13,031	\$2,759	\$2,780	\$13,734	\$2,777	\$2,691	\$14,666	\$70,530
Investments	\$0	\$864	\$18,575	\$1,021	\$912	\$28,549	\$1,088	\$1,174	\$10,659	\$898	\$733	\$15,692	\$80,167
<b>Total</b>	<b>\$271,297</b>	<b>\$250,100</b>	<b>\$98,112</b>	<b>\$117,204</b>	<b>\$622,164</b>	<b>\$243,073</b>	<b>\$301,324</b>	<b>\$271,042</b>	<b>\$164,182</b>	<b>\$186,512</b>	<b>\$215,312</b>	<b>\$132,981</b>	<b>\$2,873,302</b>
<b>YTD</b>	<b>\$271,297</b>	<b>\$521,397</b>	<b>\$619,508</b>	<b>\$736,713</b>	<b>\$1,358,876</b>	<b>\$1,601,949</b>	<b>\$1,903,273</b>	<b>\$2,174,315</b>	<b>\$2,338,497</b>	<b>\$2,525,008</b>	<b>\$2,740,321</b>	<b>\$2,873,302</b>	
<b>2016-2017</b>													
Individuals	\$3,335	\$13,596	\$26,026	\$161,764	\$70,540	\$346,395	\$10,197	\$21,480	\$11,597	\$35,858	\$91,999	\$273,552	\$1,066,338
Corporate	\$24,500	\$11,075	\$28,913	\$1,400	\$51,225	\$45,795	\$1,825	\$100	\$20,160	\$3,501	\$13,626	\$74,929	\$277,049
Grants & Fdns	\$0	\$1,000	\$2,500	\$38,909	\$1,000	\$1,000	\$0	\$26,589	\$0	\$16,903	\$0	\$12,846	\$100,747
SC & CO	\$10,587	\$0	\$75	\$26,550	\$7,220	\$34,104	\$450	\$150	\$2,225	\$2,050	\$7,764	\$270	\$91,444
Tributes	\$7,867	\$2,450	\$10,421	\$15,662	\$2,915	\$9,144	\$11,065	\$4,790	\$4,143	\$1,835	\$12,037	\$1,205	\$83,533
Estates	\$0	\$0	\$67,591	\$39,848	\$323	\$501,597	\$1,612	\$127,473	\$237,500	\$24,818	\$50,000	\$10,526	\$1,061,288
Third Party	\$4,788	\$2,135	\$3,476	\$37,530	\$21,316	\$12,282	\$9,300	\$13,998	\$2,825	\$24,234	\$213	\$10,506	\$142,604
Other Income	\$332	\$316	\$8,117	\$4,749	\$3,241	\$3,824	\$3,434	\$3,630	\$3,500	\$3,413	\$3,396	\$36,423	\$74,375
Investments	\$494	\$442	\$19,986	\$325	\$3,238	\$33,016	\$624	\$502	\$32,977	\$340	\$254	\$28,444	\$120,641
<b>Total</b>	<b>\$51,902</b>	<b>\$51,014</b>	<b>\$167,105</b>	<b>\$326,738</b>	<b>\$161,018</b>	<b>\$987,155</b>	<b>\$38,507</b>	<b>\$198,712</b>	<b>\$314,927</b>	<b>\$112,953</b>	<b>\$179,286</b>	<b>\$448,702</b>	<b>\$3,018,018</b>
<b>YTD</b>	<b>\$51,902</b>	<b>\$82,916</b>	<b>\$250,021</b>	<b>\$576,758</b>	<b>\$737,777</b>	<b>\$1,724,932</b>	<b>\$1,763,439</b>	<b>\$1,962,150</b>	<b>\$2,277,077</b>	<b>\$2,390,030</b>	<b>\$2,569,316</b>	<b>\$3,018,018</b>	
<b>2017-2018</b>													
Individuals	\$7,557	\$11,612	\$25,545	\$28,461	\$171,673	\$233,509	\$8,134	\$25,810	\$12,013	\$0	\$0	\$0	\$524,315
Corporate	\$17,967	\$34,100	\$15,299	\$2,650	\$6,300	\$22,219	\$3,982	\$4,200	\$26,000	\$0	\$0	\$0	\$132,717
Grants & Fdns	\$4,483	\$0	\$36,720	\$7,000	\$53,957	\$16,874	\$5,500	\$1,000	\$0	\$0	\$0	\$0	\$125,534
SC & CO	\$3,500	\$400	\$0	\$2,500	\$19,609	\$9,566	\$3,295	\$250	\$5,021	\$595	\$0	\$44,141	\$28,928
Tributes	\$4,418	\$2,260	\$2,740	\$4,395	\$6,360	\$6,520	\$925	\$715	\$595	\$0	\$0	\$0	\$16,133,741
Estates	\$50,000	\$10,000	\$367,862	\$1,005,514	\$102,448	\$0	\$0	\$48,598	\$29,319	\$0	\$0	\$0	\$39,278
Third Party	\$0	\$581	\$466	\$17,508	\$6,375	\$6,048	\$932	\$1,412	\$5,954	\$0	\$0	\$0	\$169,957
Other Income	\$6,293	\$6,215	\$6,202	\$7,826	\$9,007	\$10,961	\$13,377	\$9,780	\$100,295	\$0	\$0	\$0	\$174,892
Investments	\$303	\$298	\$32,012	\$435	\$924	\$1,655	\$2,001	\$135,426	\$1,837	\$0	\$0	\$0	\$2,853,502
<b>Total</b>	<b>\$94,520</b>	<b>\$65,466</b>	<b>\$486,848</b>	<b>\$1,076,289</b>	<b>\$376,653</b>	<b>\$307,353</b>	<b>\$38,146</b>	<b>\$227,192</b>	<b>\$181,034</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,853,502</b>
<b>YTD</b>	<b>\$94,520</b>	<b>\$159,987</b>	<b>\$646,834</b>	<b>\$1,723,124</b>	<b>\$2,099,777</b>	<b>\$2,407,130</b>	<b>\$2,445,276</b>	<b>\$2,672,468</b>	<b>\$2,853,502</b>				
<b>2018-2019</b>													
Individuals	15,229.05	31,585.56	74,061.01										\$120,876
Corporate	6,224.18	12,840.75	6,540.00										\$25,605
Grants & Fdns		12,452.50											\$12,453
SC & CO	1,500.00	3,882.42	16,762.00										\$22,144
Tributes	2,165.00	4,106.20	6,025.00										\$12,296
Estates		428,767.44	5,000.00										\$433,767
Third Party	6,655.55	1,100.00	132.25										\$7,888
Other Income	10,294.89	13,137.80	13,610.19										\$37,043
Investments	1,992.53	1,843.87	35,281.16										\$39,118
<b>Total</b>	<b>\$44,061</b>	<b>\$509,717</b>	<b>\$157,412</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$711,189</b>
<b>YTD</b>	<b>\$44,061</b>	<b>\$553,778</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>	<b>\$711,189</b>

## Code Brew - NRGH

2013-2014	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	53,709	55,407	55,512	57,599	56,067	54,272	55,509	53,916	57,915	54,456	55,776	55,253	665,391
COGS	24,986	32,226	26,418	35,486	25,240	26,132	24,273	23,561	23,764	26,980	29,769	25,222	324,057
Gross Profit	28,724	23,181	29,094	22,113	30,826	28,140	31,236	30,355	34,151	27,475	26,007	30,031	341,334
Expenses	17,844	23,826	25,916	29,481	17,926	25,277	19,182	19,981	24,984	30,243	19,553	35,074	289,287
<b>Net Income before Amort. &amp; Management Fee</b>	10,879	-645	3,177	-7,367	12,900	2,863	12,054	10,374	9,167	-2,768	6,454	-5,043	52,047
Amortization & Management Fee	0	0	10,177	0	0	11,643	0	0	10,880	0	0	16,251	48,951
Net Income	10,879	-645	-6,999	-7,367	12,900	-8,780	12,054	10,374	-1,714	-2,768	6,454	-21,294	3,095
YTD	10,879	10,234	3,235	-4,133	8,768	-12	12,042	22,416	20,703	17,935	24,389	3,095	

2014-2015	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	53,225	48,934	52,727	56,957	57,140	53,228	56,446	49,690	57,184	55,287	54,131	50,369	645,318
COGS	24,428	24,804	23,308	28,551	26,675	25,226	32,347	29,242	22,345	34,136	23,197	30,820	325,080
Gross Profit	28,797	24,129	29,419	28,406	30,465	28,002	24,100	20,448	34,838	21,151	30,934	19,549	320,238
Expenses	18,350	20,412	25,727	28,928	28,015	26,340	21,929	19,548	26,101	29,317	20,705	33,321	298,692
<b>Net Income before Amort. Mgt Fee &amp; Future I Tax</b>	10,447	3,718	3,692	-522	2,450	1,662	2,170	901	8,737	-8,166	10,228	-13,771	21,546
Amortization, Management Fee & Future Income Tax	0	0	9,659	0	0	11,729	0	0	10,021	656	656	-9,553	23,168
Net Income	10,447	3,718	-5,967	-522	2,450	-10,067	2,170	901	-1,284	-8,823	9,572	-4,218	-1,622
YTD	10,447	14,165	8,198	7,677	10,127	60	2,230	3,131	1,847	-6,976	2,596	-1,622	

2015-2016	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	49,980	49,212	53,480	56,992	56,029	54,954	57,497	53,122	62,444	52,739	52,206	56,550	655,205
COGS	27,402	27,426	25,467	18,789	29,422	33,515	24,126	26,349	29,759	24,414	28,666	36,162	331,497
Gross Profit	22,578	21,786	28,013	38,203	26,607	21,438	33,371	26,774	32,685	28,325	23,540	20,388	323,708
Expenses	16,094	19,660	37,431	30,324	27,499	25,773	23,420	26,013	26,735	40,384	19,540	-2,953	289,920
<b>Net Income before Amort. &amp; Future Income Tax</b>	6,484	2,126	-9,418	7,879	-893	-4,335	9,951	761	5,950	-12,059	4,000	23,341	33,788
Amortization & Future Income Tax	0	0	702	0	0	702	0	0	702	0	0	-16,081	-13,976
Net Income	6,484	2,126	-10,119	7,879	-893	-5,036	9,951	761	5,249	-12,059	4,000	39,422	47,764
YTD	6,484	8,610	-1,509	6,370	5,477	441	10,392	11,153	16,401	4,342	8,342	47,764	

2016-2017	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	49,786	51,046	53,030	56,760	55,723	58,722	53,960	49,841	56,626	51,550	52,000	55,000	644,044
COGS	24,170	17,385	25,996	30,840	24,874	25,698	27,395	20,749	26,956	24,943	25,000	27,000	301,006
Gross Profit	25,616	33,661	27,034	25,920	30,849	33,024	26,565	29,092	29,670	26,607	27,000	28,000	343,039
Expenses	9,180	15,872	28,625	31,796	10,912	19,534	18,966	20,620	28,720	19,138	19,500	19,500	242,362
<b>Net Income before Amort. &amp; Future Income Tax</b>	16,435	17,789	-1,590	-5,877	19,937	13,491	7,599	8,472	950	7,469	7,500	8,500	100,677
Amortization & Future Income Tax	0	0	235	0	0	218	75	75	75	75	75	75	903
Net Income	16,435	17,789	-1,825	-5,877	19,937	13,273	7,524	8,396	875	7,394	7,425	8,425	99,774
YTD	16,435	34,225	32,400	26,524	46,461	59,733	67,258	75,654	76,529	83,923	91,348	99,773	

2017-2018	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	54,386	50,864	58,156	58,864	57,498	59,775	61,814	59,272	70,893				531,521
COGS	23,536	23,781	25,370	23,515	27,422	24,675	28,894	26,886	29,198				233,275
Gross Profit	30,850	27,083	32,786	35,349	30,076	35,100	32,920	32,386	41,696	0	0	0	298,246
Expenses	13,153	18,746	27,886	19,980	20,044	23,890	20,659	21,342	34,046				199,746
<b>Net Income before Amort. Mgt. Future Income Tax</b>	17,697	8,337	4,901	15,369	10,032	11,210	12,261	11,044	7,650	0	0	0	98,500
Amort. And Mgt. Future Income Tax	2,938	2,952	2,945	2,945	2,945	2,917	2,974	2,945	2,945				26,508
Net Income	14,759	5,385	1,955	12,424	7,087	8,293	9,288	8,099	4,704	0	0	0	21,993
Donation to Foundation at YE									50,000				
YTD	14,759	20,144	22,099	34,523	41,609	49,902	59,190	67,288	21,993	21,993	21,993	21,993	

2018-2019	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Totals
Sales	65,807	65,366	63,213										194,387
Interest and other income	3,102	121	128										3,351
COGS	29,295	28,356	30,170										87,821
Gross Profit	39,614	37,132	33,171	0	0	0	0	0	0	0	0	0	109,916
Expenses	18,704	22,228	22,655										63,587
<b>Net Income before Amort. &amp; Future Income Tax</b>	20,910	14,903	10,516	0	0	0	0	0	0	0	0	0	46,329
Amortization & Mgt Fee & Future Income Tax	3,042	3,042	3,472										9,557
Net Income	17,867	11,861	7,044										36,772
YTD	17,867	29,728	36,772	36,772	36,772	36,772	36,772	36,772	36,772	36,772	36,772	36,772	

**Code Brew-NRGH**  
**Statement of Income & Retained Earnings**  
For the quarter ending June 30, 2018

	Budget 2018-2019	Mar-Jun 2018	Mar-Jun 2017	Budget Variance	
<b>Sales</b>	\$ 173,125	\$ 194,387	\$ 170,723	\$ 21,262	
<b>Cost of sales</b>	77,500	87,821	78,823	10,321	
<b>Gross margin</b>	95,625	106,566	91,900	10,941	
<b>Interest income</b>	125	3,351	71	3,226	
	45%	45%	46%		COGS percentage of Revenue
	<b>95,750</b>	<b>109,917</b>	<b>91,971</b>	<b>30,917</b>	
<b>Expenses</b>					
Bank charges	1,400	1,961	518	561	
Insurance	500	732	655	232	
Meetings and meals	100	-	15	(100)	
Office	1,325	799	711	(526)	
Professional fees	850	-	(2,827)	(850)	Timing of audit expense
Publicity and promotions	425	45	763	(380)	
Rent	300	-	-	(300)	Kiosk rent no longer paid to Island Health
Utilities	625	129	254	(496)	
Repairs and maintenance	625	-	1,769	(625)	
Salaries and benefits	64,375	59,491	62,929	(4,884)	
Telephone	300	225	250	(75)	
Training and education	125	-	45	(125)	
Travel	175	205	207	30	
<b>Total Expense</b>	<b>71,125</b>	<b>63,587</b>	<b>65,287</b>	<b>(7,538)</b>	
<b>Net Income before Amortization and Management Fees</b>	<b>24,625</b>	<b>46,329</b>	<b>26,683</b>	<b>38,455</b>	
Donation to Foundation	-	-	-	0	
Management Fees to NDHF	8,750	8,750	-	0	
Amortization	125	807	166	682	
<b>Net Income (Loss)</b>	<b>\$ 15,750</b>	<b>\$ 36,772</b>	<b>\$ 26,517</b>	<b>\$ 37,773</b>	

**Code Brew-NRGH  
Balance Sheet  
At June 30, 2018**

	Actual June 2018	Actual March 2018
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 110,579	\$ 71,589
Accounts receivable	3,772	5,780
Inventory	22,773	22,773
Prepaid expenses	4,500	3,057
Total Current Assets	141,623	103,199
<b>CAPITAL ASSETS</b>		
	17,050	-
<b>FUTURE INCOME TAXES</b>		
	1,852	1,852
Total Assets	<b>\$ 160,525</b>	<b>\$ 105,051</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	\$ 41,113	\$ 24,055
Income taxes payable	562	562
Deferred revenue	12,618	12,618
<b>Payable to shareholders</b>	55,030	55,000
Total Liability	109,323	92,235
<b>Shareholder's Equity</b>		
Share capital	1	1
<b>Retained earnings</b>	51,201	12,815
	<b>\$ 160,525</b>	<b>\$ 105,051</b>

New espresso machine purchased spring 2018.

Includes final payment for espresso machine paid after YE

Value of outstanding gift cards at year end

Comments

Lifeline

2013-2014	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	57,936	57,669	58,921	57,569	55,586	57,335	57,508	56,380	57,721	57,961	57,034	63,488	695,108
Direct Expenses	1,901	7,264	3,895	3,167	354	5,470	2,277	3,829	3,175	4,018	2,939	4,004	42,293
Gross Profit	56,035	50,405	55,026	54,402	55,232	51,865	55,231	52,551	54,546	53,943	54,095	59,484	652,815
Expenses	26,337	31,500	41,173	37,885	25,375	39,585	30,414	31,676	41,249	46,521	27,797	54,749	434,261
Net Income before Amort. and Mgt.	29,698	18,905	13,853	16,517	29,857	12,280	24,817	20,875	13,297	7,422	26,298	4,735	218,554
Amortization & Management Fee	11,211	11,211	11,211	11,702	11,702	11,703	11,619	11,619	11,620	14,351	14,351	14,352	146,651
Net Income	18,487	7,694	2,642	4,815	18,155	577	13,198	9,256	1,677	-6,929	11,947	-9,617	71,903
YTD	18,487	26,182	28,824	33,639	51,794	52,371	65,569	74,825	76,502	69,573	81,520	71,903	

2014-2015	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	57,612	58,597	58,505	59,126	61,823	62,573	61,849	61,645	63,422	67,324	74,804	77,751	765,031
Direct Expenses	410	2,229	9,771	587	6,832	8,461	2,499	480	6,469	1,052	11,965	9,323	60,078
Gross Profit	57,202	56,368	48,734	58,539	54,991	54,112	59,350	61,165	56,953	66,272	62,839	68,428	704,953
Expenses	27,405	27,792	47,950	42,194	34,447	45,840	33,060	31,928	55,099	48,544	50,695	61,300	506,254
Net Income before Amort. Mgt.	29,797	28,576	784	16,345	20,544	8,272	26,290	29,237	1,854	17,728	12,144	7,128	198,699
Amortization & Management Fee	10,652	10,652	10,653	12,217	12,217	12,218	11,434	11,435	11,435	12,647	12,647	12,647	140,854
Net Income	19,145	17,924	-9,869	4,128	8,327	-3,946	14,856	17,802	-9,581	5,081	-503	-5,519	57,845
YTD	19,145	37,069	27,200	31,328	39,655	35,709	50,565	4,000	-5,581	-500	-1,003	-6,522	

2015-2016	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	70,559	70,618	71,149	70,557	71,230	71,075	69,225	72,336	72,273	72,816	73,085	81,326	866,249
Direct Expenses	261	9,179	5,951	3,404	10,213	9,890	5,189	7,204	13,856	6,524	-1,074	15,826	86,423
Gross Profit	70,298	61,439	65,198	67,153	61,017	61,185	64,036	65,132	58,417	66,292	74,159	65,500	779,826
Expenses	31,749	45,354	47,565	56,300	41,665	43,469	42,706	40,564	42,618	56,723	43,666	67,747	560,126
Net Income before Amort. & Mgt.	38,549	16,085	17,633	10,853	19,352	17,716	21,330	24,568	15,799	9,569	30,493	-2,247	219,700
Amortization & Management Fee	10,703	10,703	10,702	12,807	11,666	11,592	11,525	11,525	11,523	14,319	13,384	13,442	143,891
Net Income	27,846	5,382	6,931	-1,954	7,686	6,124	9,805	13,043	4,276	-4,750	17,109	-15,689	75,809
YTD	27,846	33,228	40,159	38,205	45,891	52,015	61,820	74,863	79,139	74,389	91,498	75,809	

2016-2017	July	August	September	October	November	December	January	February	March	April	May	June	Totals
Sales	74,564	75,055	74,657	74,385	75,210	74,886	75,111	75,963	76,069	75,600	75,471	78,929	905,900
Direct Expenses	6,283	9,799	8,951	7,706	7,726	7,708	6,671	8,955	8,710	8,397	9,737	11,106	101,749
Gross Profit	68,281	65,256	65,706	66,679	67,484	67,178	68,440	67,008	67,359	67,203	65,734	67,823	804,151
Expenses	32,472	46,347	67,663	44,509	46,378	55,198	50,547	48,822	65,759	50,924	49,582	57,343	615,544
Net Income before Amort. Mgt.	35,809	18,909	-1,957	22,170	21,106	11,980	17,893	18,186	1,600	16,279	16,152	10,481	188,608
Amortization & Management Fee	11,301	11,301	11,301	11,578	11,602	11,289	13,067	11,627	13,155	11,428	12,079	13,673	143,401
Net Income	24,508	7,608	-13,258	10,592	9,504	691	4,826	6,559	-11,555	4,851	4,073	-3,192	45,207
YTD	24,508	32,116	18,858	29,450	38,954	39,645	44,471	51,030	39,475	44,326	48,399	45,207	

2017-2018	July	August	September	October	November	December	January	February	March	Totals
Sales	76,295	78,900	77,174	77,438	77,347	76,797	75,908	78,637	78,449	696,945
Direct Expenses	8,000	9,051	11,366	8,548	8,276	1,755	8,172	8,034	8,317	71,519
Gross Profit	68,295	69,849	65,808	68,890	69,071	75,042	67,735	70,603	70,131	625,426
Expenses	37,687	41,412	68,710	45,524	42,783	52,981	50,034	51,825	71,470	462,426
Net Income before Amort. Mgt. Future Income Tax	30,608	28,437	-2,902	23,367	26,288	22,061	17,702	18,778	-1,338	163,000
Amortization & Management Fee	11,326	11,446	11,363	11,812	11,465	11,465	11,465	11,465	11,465	103,272
Net Income	19,282	16,990	-14,265	11,555	14,822	10,596	6,236	7,313	-12,804	19,727
Donation to NDHF at YE									40,000	
YTD	19,282	36,272	22,008	33,563	48,385	58,982	65,218	72,531	19,727	

2018-2019	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Totals
Sales	70,092	72,952	73,513										216,557
Direct Expenses	7,742	7,792	8,699										24,233
Gross Profit	62,350	65,160	64,814	0	0	0	0	0	0	0	0	0	192,323
Expenses	46,863	54,255	36,862										137,980
Net Income before Amort/Mgt Fee/Future Income	15,487	10,905	27,951	0	0	0	0	0	0	0	0	0	54,343
Amortization	7,523	8,157	8,334										24,014
Management Fee	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	2,917	35,000
Net Income	5,047	-169	16,700										21,579
Donation to NDHF at YE													0
YTD	5,047	4,879	21,579	21,579	21,579	21,579	21,579	21,579	21,579	21,579	21,579	21,579	

**Nanaimo Lifeline Program**  
Statement of Income & Retained Earnings  
For the quarter ended June 30th, 2018

	Budget 2018-2019	Mar-Jun 2018	Mar-Jun 2017	Budget Variance	Comments - Actual vs. Budget
<b>Monitoring and Installation Revenue</b>	230,250 \$	215,518 \$	229,691 \$	\$ (14,732)	
<b>Direct Expenses</b>	29,250 \$	24,233 \$	29,190 \$	\$ (5,017)	
<b>Gross Margin</b>	201,000 \$	191,285 \$	200,501 \$	\$ (9,715)	
<b>Interest and Other Income</b>	875	1,039	363	\$ 164	
	<b>201,875</b>	<b>192,323</b>	<b>200,864</b>	<b>13,479</b>	
<b>Expenses</b>					
Bank charges	625	714	704	89	
Insurance	625	495	443	(130)	
Rent and occupancy costs	22,350	27,736	19,996	5,386	Interest rate increase on variable rate mortgage.
Office	3,800	3,050	3,693	(750)	
Professional fees	875	-	3,623	(875)	
Publicity and promotions	3,000	1,990	8,514	(1,010)	
Repairs and maintenance	25	433	933	408	
Salaries and benefits	124,450	100,058	129,447	(24,392)	
Telephone and fax	1,875	1,954	2,315	79	
Training and education	1,250	-	217	(1,250)	
Travel	2,750	1,550	3,921	(1,200)	
	<b>161,625</b>	<b>137,980</b>	<b>173,807</b>	<b>(23,645)</b>	
<b>Net Income before Amortization and Management Fees</b>	<b>40,250</b>	<b>54,343</b>	<b>27,058</b>	<b>14,093</b>	
Donation to NDHF	0	-	-	0	
Management Fees to NDHF	8,750	8,750	9,011	0	
Amortization	26,500	24,014	28,169	(2,486)	
<b>Net Income</b>	<b>48,874 \$</b>	<b>21,579 \$</b>	<b>(10,123) \$</b>	<b>(27,295)</b>	
Net Income before Amortization/Total Revenue	19.94%	28.26%	13.47%		
Net Income/Total Revenue	24.21%	11.22%	-5.04%		

**Nanaimo Lifeline Program  
Balance Sheet**

For the quarter ending June 30, 2018

	Actual June 2018	Actual March 2018	
<b>Assets</b>			
Current:			
Cash	130,631	107,622	
Accounts receivable	5,141	7,414	
Prepaid expenses	8,583	7,416	
Due from shareholders	16,093	-	
Total Current Assets	160,448	122,452	
Property, Plant & Equipment	445,189	464,026	
<b>Total Assets</b>	<b>605,637</b>	<b>586,478</b>	
<b>Liabilities</b>			
Current			
Accounts payable and accruals	9,153	18,349	
Payable to Shareholders	40,000	26,096	
Total Current Liabilities	49,153	44,444	
Shareholder's Equity			
Share capital	1	1	
Retained earnings	556,483	542,033	
<b>Total Liabilities + Retained Earnings</b>	<b>605,637</b>	<b>586,478</b>	

Comments

Grant expense reimbursement; SGF funds.

Incl. \$5,524 prepaid client accounts.  
17/18 donation to NDHF

To: The Board of Directors  
From: Janice Perrino  
Re: Executive Expectations – EE7 – Financial Condition

September, 2018

Report on Executive Expectation #7 – Financial Condition. Presented in accordance with the Monitoring Schedule as approved by the Board. I certify that the information contained in this report is true.

Policy Wording EE7: The CEO is responsible for managing the financial resources wisely and responsibly.

Accordingly, the CEO shall:

1. Ensure expenses do not exceed 40% of overall revenue.
  - Financial Reports have been completed for the 1<sup>st</sup> quarter, April to June, 2018. Overall revenue is \$711,189 compared to a budget of \$750,000, and total expenses are at \$236,506 compared to a budget of \$263,750. Total expenses as a percentage of total revenue was budgeted at 35%, with actuals to June 30 at 33%.
2. Only disburse funds pursuant to the Board's Mission Outcomes (Ends 3) and its Purposes as set out in the Constitution.
  - All funds have been disbursed in accordance with the Ends.
3. Ensure the operating account does not drop below the amount needed to settle payroll and debts in a timely manner.
  - There are no amounts owing to Island Health at this time. Sufficient funds are on hand to cover the payroll.
4. Ensure all regulatory payments and filings, e.g. Payroll remittances, GST reports, Charitable Tax Return, are accurate and made on time
  - All regulatory payments and filings have been made to date. The Charitable Tax Return for the 2017/2018 fiscal year will be filed prior to September 30, 2018, once the audited statements have been approved.
5. Make sure that policies are in place to ensure the Foundation's financial stability and to safeguard its assets.
  - The Foundation operates within a comprehensive policy framework governing all financial and human resources issues.
6. Provide regular financial reports to the Board for the Foundation and each subsidiary company that include but are not limited to:



- A comparison of the current year over the previous year and the current year against the approved budget, with explanations for any material variances
  - A Balance Sheet
  - An Income Statement
  - The Board will receive the financial report for the 1<sup>st</sup> quarter of the 2018-2019 fiscal year (June 30, 2018) in the required format at the September Board meeting. They will also receive the auditor's report and their comments on the audit of the past year financial statements.
7. At the request of the Board, ensure an audit of the Foundation financial statements is conducted by a qualified external auditor.
- We are currently completing the audit of our financial statements ending March 31, 2018 by the auditor appointed by the members at the AGM in October, 2017.

Note: I have made a couple of suggestions for small wording changes in the Policy for discussion. Please see attached.

<b>Policy Type: Executive Expectations</b>	<b>Policy Number: EE 7</b>
<b>Policy Name: Financial Condition</b>	<b>Date of Acceptance of Policy: October 3, 2009</b>
<b>Date to Review Policy: Annually in</b> <del>March–July</del>	<b>Date Policy Reviewed: June 26, 2018</b> <b>Date Policy Revised: June 26, 2018</b>
<b>Monitoring Type and Frequency: 3-4</b> Internal, 1 External/54 times/year	<b>Monitoring Dates: Internal: FebruaryJuly,</b> <b>May, November</b> <b>January, March</b> <b>External: September</b>

The CEO is responsible for managing the financial resources of the Foundation wisely and responsibly.

Accordingly, the CEO shall:

1. Ensure expenses do not exceed 40% of total revenue annually.
2. Only disburse funds pursuant to the Board's ~~Mission Outcomes (Ends-3)Ends Policies~~ and its Purposes as set out in the Constitution.
3. Ensure the operating account does not drop below the amount needed to settle payroll and debts in a timely manner.
4. Ensure all regulatory payments and filings, e.g. Payroll remittances, GST reports, Charitable and other Tax Returns, are accurate and made or filed on time.
5. Make sure that policies are in place to ensure the Foundation's financial stability, and to safeguard its assets.
6. Provide regular financial reports to the Board for the Foundation and each subsidiary company that include but are not limited to:
  - A comparison of the current year over the previous year and the current year actual against the approved budget, with explanations for any material variances
  - A Balance Sheet
  - An Income Statement
7. At the request of the Board, ensure an audit of the Foundation financial statements is conducted by a qualified external auditor.

Formatted: Justified, Space After: 10 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Tab after: 1.27 cm + Indent at: 1.27 cm

To: The Board of Directors  
From: Janice Perrino  
Re: Monitoring Report on Executive Expectations Policy EE 8 Operating Reserve

September, 2018

**Policy Wording EE 8:** The Foundation needs to protect itself against unforeseen loss of income or unanticipated expense.

In relation to this need the CEO shall maintain a reserve within the unrestricted fund and shall:

1. Consider any investments as part of this reserve.
  - The Foundation engages an Investment Manager to manage its named endowments and the funds set aside by the Board. The Investment Manager operates according to the Foundation's Investment Policy. All funds set aside in this reserve are managed by the Investment Manager.
2. Maintain an amount of not less \$550,000, representing the funds set aside by the Board, in this reserve.
  - The \$550,000 set aside by the Board is contained within the investment portfolio managed by the Foundation's Investment Manager. The current value of these funds at the end of the last fiscal year (March 31, 2018) was \$928,567.

I have made some revisions to the Policy, to more accurately describe the internally restricted funds, for discussion. Please see attached.

<b>Policy Type: Executive Expectations</b>	<b>Policy Number: EE 8</b>
<b>Policy Name: <u>Operating Reserve Board Restricted Funds</u></b>	<b>Date of Acceptance of Policy: October 3, 2009</b>
<b>Date to Review Policy: Annually in January</b>	<b>Date Policy Reviewed: January 16, 2018</b> <b>Date Policy Revised: January 16, 2018</b>
<b>Monitoring Type and Frequency: Internal/<del>4 times/year</del>Annually</b>	<b>Monitoring Dates: <u>February, May, July, November March</u></b>

The Foundation needs to protect itself against unforeseen loss of income or unanticipated expense.

~~In relation to this~~Accordingly, the Board has set aside funds within the Unrestricted Fund, to protect the Foundation against any unexpected fluctuations in either revenue or expenses. ~~need the~~These funds may only be used with the permission of the Board, and the ~~President/CEO shall maintain a reserve within the unrestricted fund and shall:~~

1. ~~Invest these Board Restricted Funds with the Foundation's Investment Manager according to the Foundation's Investment Policy~~Consider any investments as part of this reserve.
2. ~~Maintain the~~an Board Restricted Funds amount at ~~of~~ not less than \$550,000, representing the funds set aside by the Board, ~~in this reserve.~~

~~2.~~ **Comment: The funds originally set aside by the Board are not really a reserve, so the policy as it was written did not really apply. Instead, the policy and the funds should be stated as what they are: Board Restricted Funds.**

Formatted: Indent: Left: 1.27 cm, No bullets or numbering

Formatted: Normal, No bullets or numbering

Formatted: Highlight

Formatted: Highlight

Formatted: Font: Bold