

NANAIMO & DISTRICT HOSPITAL FOUNDATION
Non-Consolidated Financial Statements
Year Ended March 31, 2019

NANAIMO & DISTRICT HOSPITAL FOUNDATION
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Year Ended March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management has the responsibility for preparing the accompanying financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

In discharging its responsibility 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 proper records are maintained to provide reliable information for the preparation of financial statements.

With the exception of the Chief Executive Officer, the Board of Directors is composed entirely of directors who are neither management nor employees of the Foundation. The Chief Executive Officer is an employee of the Foundation, reporting to the Board of Directors, and is an ex-officio member of the Board of Directors.

Grant Thornton LLP, an independent firm of Chartered Professional Accountants, is appointed by the members 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 management and the Board of Directors to discuss their audit findings.



Chief Executive Officer

Nanaimo, BC
October 10, 2019

INDEPENDENT AUDITOR'S REPORT

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To the Members of Nanaimo & District Hospital Foundation

We have audited the accompanying non-consolidated financial statements of Nanaimo & District Hospital Foundation, which comprise the non-consolidated statement of financial position as at March 31, 2019 and the non-consolidated statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated 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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements.

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

(continues)



Independent Auditor's Report to the Members of Nanaimo & District Hospital Foundation *(continued)*

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to contribution revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019 and current assets and net assets as at March 31, 2019.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the non-consolidated financial statements present fairly, in all material respects, the financial position of Nanaimo & District Hospital Foundation as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied by the Foundation in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a basis consistent with that of the preceding year.

Grant Thornton LLP

Nanaimo, BC
October 10, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Non-Consolidated Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Notes 2, 5)	\$ 1,855,639	\$ 1,392,298
Investments (Notes 2, 5)	3,029,869	928,567
Accounts receivable	20,713	81,481
Accrued interest receivable	17,121	1,993
Prepaid expenses	56,423	25,635
Due from subsidiary companies (Note 8)	82,705	87,120
	<u>5,062,470</u>	<u>2,517,094</u>
CAPITAL ASSETS (Notes 6, 2)	307,848	776,153
LOANS AND NOTES RECEIVABLE	3,942	-
INVESTMENTS (Notes 2, 5)	1,424,216	1,397,072
INVESTMENT IN SUBSIDIARIES (Notes 2, 7)	582,731	533,108
	<u>\$ 7,381,207</u>	<u>\$ 5,223,427</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 649,498	\$ 23,539
Deferred income (Note 9)	742	742
Current portion of long term debt (Note 10)	-	514,050
	<u>650,240</u>	<u>538,331</u>
NET ASSETS		
Unrestricted Fund	2,981,602	1,788,869
Internally Restricted Fund (Note 5)	550,000	550,000
	<u>3,531,602</u>	<u>2,338,869</u>
Externally Restricted Fund (Note 2)	1,744,852	933,914
Gaming Fund (Note 2)	31,737	15,241
Endowment Fund (Note 2)	1,422,776	1,397,072
	<u>6,730,967</u>	<u>4,685,096</u>
	<u>\$ 7,381,207</u>	<u>\$ 5,223,427</u>

COMMITMENTS AND CONTINGENCIES

ON BEHALF OF THE BOARD



Director



Director

NANAIMO & DISTRICT HOSPITAL FOUNDATION
Non-Consolidated Statement of Operations and Changes in Net Assets
For the Year Ended March 31, 2019

	General Fund	Externally Restricted Fund	Gaming Fund	Endowment Fund	2019 (12 months)	2018 (9 months)
REVENUE						
Donations (Notes 8, 2, 12)	\$ 1,608,141	\$ 2,111,082	\$ 24,358	\$ 18,000	\$ 3,761,581	\$ 2,579,611
Investment income (loss) (Notes 2, 5)	174,740	1,720	546	17,573	194,579	59,961
Grant revenue (Note 2)	66,729	-	-	-	66,729	52,977
Miscellaneous income (Note 8)	105,802	120	-	-	105,922	100,277
	1,955,412	2,112,922	24,904	35,573	4,128,811	2,792,826
FUNDRAISING AND ADMINISTRATIVE EXPENSES						
Amortization	17,108	-	-	-	17,108	26,331
Bank and investment fees	25,819	279	73	2,869	29,040	23,063
Education	4,952	-	-	-	4,952	1,580
Insurance	3,817	17,825	-	-	21,642	20,386
Interest on long term debt	-	-	-	-	-	13,326
Meetings	491	1,218	-	-	1,709	1,644
Occupancy costs	-	-	-	-	-	22,302
Office and computer	77,535	111	-	-	77,646	48,050
Postage	-	20,327	-	-	20,327	15,550
Printing	-	16,751	-	-	16,751	10,704
Professional fees	32,032	365	-	-	32,397	21,267
Publicity and promotion	9,337	67,381	-	-	76,718	53,516
Salaries, benefits & recruitment	724,608	-	-	-	724,608	499,486
Telephone	5,251	-	-	-	5,251	2,634
Travel	2,803	823	-	-	3,626	2,514
	903,753	125,080	73	2,869	1,031,775	762,353
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	1,051,659	1,987,842	24,831	32,704	3,097,036	2,030,473

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NANAIMO & DISTRICT HOSPITAL FOUNDATION
Non-Consolidated Statement of Operations and Changes in Net Assets (continued)
For the Year Ended March 31, 2019

	General Fund	Externally Restricted Fund	Gaming Fund	Endowment Fund	2019 (12 months)	2018 (9 months)
OTHER INCOME (EXPENSES)						
Grants to Programs (Notes 8, 12)	(338,476)	(815,509)	(8,335)	(7,000)	(1,169,320)	(562,884)
Cost recovery	361,395	(361,395)	-	-	-	-
Gains on disposal of commercial building (Note 6)	68,532	-	-	-	68,532	-
Gain of subsidiary corporations (Notes 8, 7)	49,623	-	-	-	49,623	27,673
	141,074	(1,176,904)	(8,335)	(7,000)	(1,051,165)	(535,211)
NET EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,192,733	810,938	16,496	25,704	2,045,871	1,495,262
NET ASSETS - BEGINNING OF YEAR	2,338,869	933,914	15,241	1,397,072	4,685,096	3,189,834
NET ASSETS - END OF YEAR	\$ 3,531,602	\$ 1,744,852	\$ 31,737	\$ 1,422,776	\$ 6,730,967	\$ 4,685,096

See notes to non-consolidated financial statements

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Non-Consolidated Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Sources		
Donation and grant receipts	\$ 3,886,005	\$ 2,628,284
Interest received	37,384	8,564
Miscellaneous receipts	105,922	100,277
	<u>-</u>	<u>-</u>
	4,029,311	2,737,125
Uses		
Payment for operating expenditures	(414,448)	(734,557)
Gain on sale of property	-	-
Interest paid	-	(13,326)
Grants to programs	<u>(1,169,320)</u>	<u>(1,393,365)</u>
	(1,583,768)	(2,141,248)
Cash flow from (used) in operating activities	<u>2,445,543</u>	<u>595,877</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(12,271)	(11,957)
Proceeds on disposal of capital assets	532,000	-
Proceeds from sale of temporary investments	-	516,641
Purchase of temporary investments	(1,945,333)	-
Advances to (from) subsidiary companies	<u>8,215</u>	<u>(25,370)</u>
Cash flow from (used by) investing activities	<u>(1,417,389)</u>	<u>479,314</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(514,050)</u>	<u>(32,950)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	514,104	1,042,241
CASH AND CASH EQUIVALENTS - COST, BEGINNING OF YEAR	<u>1,436,423</u>	<u>394,182</u>
CASH AND CASH EQUIVALENTS - COST, END OF YEAR	<u>\$ 1,950,527</u>	<u>\$ 1,436,423</u>
CASH CONSISTS OF:		
Cash	\$ 1,855,639	\$ 1,392,298
Investments - at cost (Note 5)	<u>94,888</u>	<u>44,125</u>
	<u>\$ 1,950,527</u>	<u>\$ 1,436,423</u>

See notes to non-consolidated financial statements

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

1. PURPOSE OF THE FOUNDATION

Nanaimo & District Hospital Foundation (the "Foundation") is a not-for-profit organization incorporated provincially under the Society Act of British Columbia. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met. The Foundation's mission is to provide funding for Nanaimo Regional General Hospital and other healthcare facilities within the Vancouver Island Health Authority in Central Vancouver Island to benefit the community. The Foundation provides grants for equipment, health related educational scholarships, major renovations and approved research. The Foundation owns two subsidiary companies: 629814 B.C. Ltd. operating as the Nanaimo Lifeline Program, a personal response service, and 606895 B.C. Ltd., operating as Code Brew, which operates a coffee kiosk located at Nanaimo Regional General Hospital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO). As a result these financial statements are in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Outlined below are those policies considered particularly significant for the Foundation.

Fund accounting

The Nanaimo & District Hospital Foundation follows the restricted fund method of accounting for contributions. In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors. For financial reporting purposes, the accounts have been classified into the following funds:

General Fund

The General Fund accounts for the Foundation's general fundraising, granting, and administrative activities, and reports unrestricted resources and internally restricted funds. The Board has internally restricted funds in the amount of \$550,000 (2018 - \$550,000) not designated for any specific purpose. The General Fund also reports the assets, liabilities, revenues and expenses related to the Foundation's capital assets.

Gaming Fund

The Gaming Fund reports the revenues and costs associated with gaming funds donated from other charitable organizations. Net proceeds are donated to Nanaimo Regional General Hospital for the purpose of equipment for the hospital.

Externally Restricted Endowment Fund

The Endowment Fund reports resources contributed for endowment.

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NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Externally Restricted Fund

The Externally Restricted Fund includes

Specified Equipment Funds - reports only restricted resources that must be used for the purpose of purchasing equipment for the Nanaimo Regional General Hospital and other organizations that the foundation raises funds for including Oceanside Health Centre, Eagle Park Lodge, Trillium Lodge, and Dufferin Lodge.

Education Funds - reports only restricted resources that must be used for education purposes at Nanaimo Regional General Hospital.

Designated Contributions Funds - reports only restricted resources that must be used for specific areas within the Nanaimo Regional General Hospital. A charge is administered against certain designated contributions received during the year to recover overhead costs.

Revenue recognition

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

Contributions for endowment are recognized as revenue of the Endowment Fund. Investment income earned on Endowment Fund resources is recognized as revenue of the General Fund unless otherwise directed by the donor.

Donations and bequests are recorded in the year of receipt.

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably determined and they are used in the normal course of the organization's operations and would otherwise have been purchased.

Revenue from government contracts is recognized over the term of the agreement.

Investment income is recognized as revenue when earned.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents includes cash on hand, balances with banks, and highly liquid investments with an original maturity date at purchase of three months or less. Bank borrowings are considered to be financing activities.

Investments

Investments in subsidiary companies are accounted for by the equity method. Accordingly, the investments are recorded at acquisition cost and are increased for the post acquisition earnings and decreased by post acquisition losses and dividends received.

Investments for which there are quoted prices in an actual market are carried at fair market value. Unrealized gains or losses are reported as part of investment income.

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NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of receipt. Amortization expense is reported in the General Fund. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Building fixtures	5 years	straight-line method
Office & computer equipment	3-5 years	straight-line method
Furniture	10 years	straight-line method

Financial instruments policy

The Foundation's financial instruments consist of cash, investments, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant areas requiring the use of management estimates include accounts receivable, amortization, accrued liabilities and the allocation of investment income.

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 capital assets, as outlined above. Accrued liabilities are based on management estimates. Endowment investments are pooled with internally restricted investments. The investment earnings are calculated and allocated based on the respective holdings. These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of March 31, 2019.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds, and accounts payable.

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NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

3. FINANCIAL INSTRUMENTS *(continued)*

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk and other price risk.

(c) 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. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its investments.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is exposed to other price risk through its investment in quoted shares.

The Foundation monitors investments for fluctuations in price and rebalances the investments as needed in accordance with the Foundation's investment policy.

4. CAPITAL MANAGEMENT

The Foundation's objectives when managing capital are:

- (i) to safeguard the Foundation's ability to continue as a going concern;
- (ii) to ensure enough funds are available to meet all the Foundation's funding commitments for facilities and equipment; and
- (iii) to have sufficient resources available for operations.

The above objectives are considered in the preparation of the Foundation's annual budget, and in monitoring of cash flows and actual operation results compared to budget. A portion of the Foundation's capital is restricted in that the Foundation is required to meet certain requirements in order to utilize its externally restricted funds. The Foundation employs internal processes to ensure the restrictions are met prior to the utilization of these resources, and expends capital in accordance with Canada Revenue Agency guidelines for charities.

Contributions received for designated purposes must be used for the purpose designated by the donor. The Foundation has complied with the external restrictions on contributions provided.

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

5. CASH AND INVESTMENTS

A) Restricted Cash

The cash balance includes \$35,008 (2018 - \$14,467) in funds derived from gaming activities. The use of these funds is restricted by an agreement with the Government of British Columbia Gaming Commission.

B) Investments

The General Fund portfolio investments include \$550,000 (2018 - \$550,000) of funds set aside by the Board in previous years on the understanding that these funds could only be spent with Board approval. The Board has determined that this amount is internally restricted and is not designated for any specific purpose.

	General Fund	Gaming Fund / Externally Restricted Fund	Endowment Fund	2019	2018
Investment Portfolio:					
Cash balance	\$ 68,615	\$ -	\$ 94,888	\$ 163,503	\$ 110,513
Portfolio	2,961,254	-	1,329,329	4,290,583	2,215,127
	<u>\$ 3,029,869</u>	<u>\$ -</u>	<u>\$ 1,424,217</u>	<u>\$ 4,454,086</u>	<u>\$ 2,325,640</u>
Investment Income:					
Investment income	\$ 114,988	\$ 1,418	\$ 8,900	\$ 125,306	\$ 70,329
Realized gain	5,381	76	781	6,238	113,673
Realized investment income	120,369	1,494	9,681	131,544	184,002
Unrealized gain	315,562	-	34,085	349,647	225,606
Less: opening unrealized gain	(261,191)	773	(26,193)	(286,611)	(349,647)
Unrealized investment income	54,371	773	7,892	63,036	(124,041)
	<u>\$ 174,740</u>	<u>\$ 2,267</u>	<u>\$ 17,573</u>	<u>\$ 194,580</u>	<u>\$ 59,961</u>

Investment income includes interest, dividends, and realized and unrealized gains (losses) related to measuring the investments at market value at March 31, 2019. Investment management fees of \$22,438 (2018 - \$18,042) have been included in bank and investment fees on the non-consolidated statement of operations and changes in net assets.

The Foundation purchased Guaranteed Investment Certificates (GIC) during the year. One GIC with a principal of \$1,500,000 matures June 4, 2019 with a fixed rate of interest in effect at the time of purchase of 2.56%. Subsequent to the year end, upon maturity of this investment, an additional \$500,000 was added and a total of \$2,000,000 GIC was purchased on June 4, 2019 with a fixed rate of interest of 2.07%. The second GIC with a principal of \$500,000 matures June 10, 2019 with a fixed rate of interest in effect at the time of purchase of 2.15%. The principal of \$500,000 was renewed subsequent to the year end on June 10, 2019 with a fixed interest rate of 2.07%. The interest received on the investment is calculated and paid at maturity.

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	\$ 450,107	\$ 165,644	\$ 284,463	\$ 759,784
Building fixtures	27,451	13,250	14,201	3,840
Furniture	19,579	10,757	8,822	10,384
Office & computer equipment	11,915	11,553	362	2,145
	<u>\$ 509,052</u>	<u>\$ 201,204</u>	<u>\$ 307,848</u>	<u>\$ 776,153</u>

On September 1, 2018, the Foundation sold one of its strata units for total proceeds of \$532,000. The net book value of this strata unit was \$463,468.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	2019	2018
100% of shares of 629814 B.C. Ltd. (Nanaimo Lifeline)		
Opening Balance	\$ 534,662	\$ 516,334
Net income (loss)	<u>23,747</u>	<u>18,328</u>
Closing Balance	<u>558,409</u>	<u>534,662</u>
 100% of shares of 606895 B.C. Ltd. (Code Brew)		
Opening Balance	(1,554)	(10,899)
Net income (loss)	<u>25,876</u>	<u>9,345</u>
Closing Balance	<u>24,322</u>	<u>(1,554)</u>
Total Equity Investment in Subsidiaries	<u>\$ 582,731</u>	<u>\$ 533,108</u>

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

8. DUE FROM SUBSIDIARY COMPANIES AND RELATED TRANSACTIONS

The following is a summary of the Foundation's related party transactions:

	2019	2018
<u>Related party transactions</u>		
<u>606895 B.C. Ltd. operating as Code Brew</u>		
The Foundation received a management fee from Code Brew	\$ 35,000	\$ 26,250
The Foundation purchased goods and services from Code Brew	135	337
Donation included in Donation Revenue	75,000	55,000
<u>629814 B.C. Ltd. operating as the Nanaimo Lifeline Program</u>		
The Foundation received a management fee from the Nanaimo Lifeline Program	\$ 35,000	\$ 26,250
Rent, strata fees, and property taxes were charged to the Nanaimo Lifeline Program for office space used by the company	22,128	45,674
Donations paid included in Grants to Program	920	740
Fees to the Nanaimo Lifeline Program to deliver the Check In Service program (as described in note 9), included in grants to programs	70,363	52,977
Donation included in Donation Revenue	11,000	40,000

Management fees and rental income totaling \$92,129 (2018 - \$83,995) are included in Miscellaneous income.

All of the above transactions with the exception of donations to and from Nanaimo Lifeline Program and Code Brew are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Donations to and from Nanaimo Lifeline Program and Code Brew are not in the normal course of operations and are measured at the carrying amount.

Due from subsidiary companies:

606895 B.C. Ltd. (Code Brew)	\$ 75,000	\$ 61,024
629814 B.C. Ltd. (Nanaimo Lifeline Program)	7,705	26,096
	<u>\$ 82,705</u>	<u>\$ 87,120</u>

Unless otherwise noted, the balances due from subsidiary companies are non-interest bearing and have no set terms of repayment.

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

In summary form, 629814 B.C. Ltd. and 606895 B.C. Ltd. reported the following unaudited financial information for the year ended March 31, 2019 as follows:

	629814 B.C. Ltd. (Nanaimo Lifeline Program)		606895 B.C. Ltd. (Code Brew)	
	2019	2018 (9 months)	2019	2018 (9 months)
Current assets	\$ 188,610	\$ 137,829	\$ 134,748	\$ 103,261
Non-current assets	423,468	463,954	14,846	1,852
	<u>\$ 612,078</u>	<u>\$ 601,783</u>	<u>\$ 149,594</u>	<u>\$ 105,113</u>
Current liabilities	\$ 53,669	\$ 67,121	\$ 125,272	\$ 106,667
Shareholder's Equity	558,409	534,662	24,322	(1,554)
	<u>\$ 612,078</u>	<u>\$ 601,783</u>	<u>\$ 149,594</u>	<u>\$ 105,113</u>
Revenues	\$ 944,376	\$ 748,115	\$ 770,539	\$ 526,119
Expenses	(911,429)	(695,107)	(668,852)	(460,395)
Other income (expenses)	(9,200)	(34,680)	(75,811)	(56,379)
	<u>\$ 23,747</u>	<u>\$ 18,328</u>	<u>\$ 25,876</u>	<u>\$ 9,345</u>
Cash from operating activities	\$ 106,653	\$ 98,306	\$ 58,322	\$ 64,528
Cash (used in) financing activities	(3,839)	(4,837)	(6,028)	(30,870)
Cash (used in) investing activities	(58,861)	(50,741)	(16,243)	-
Total increase in cash flow	<u>\$ 43,953</u>	<u>\$ 42,728</u>	<u>\$ 36,051</u>	<u>\$ 33,658</u>

9. DEFERRED INCOME

The Foundation has an agreement with the Ministry of Employment and Social Development to provide services with the goal of reducing the rate of socially isolated vulnerable seniors ("Check in Service Program"). Deferred income represents grant revenue in the current year related to work being performed in the subsequent year.

	2019	2018
Balance, beginning of year	\$ 742	\$ 3,372
Received during the year	70,363	50,347
Revenue recognized during the year	<u>(70,363)</u>	<u>(52,977)</u>
Balance, end of year	<u>\$ 742</u>	<u>\$ 742</u>

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

10. LONG TERM DEBT

	2019	2018
The Foundation repaid the long term debt on September 10, 2018, subsequent to the sale of one of its strata units on September 1, 2018.	\$ -	\$ 514,050
Amounts payable within one year	-	(514,050)
	<u>\$ -</u>	<u>\$ -</u>

11. INTERFUND CHARGES

An administration charge of \$361,395 (2018 - \$140,550), representing up to 18% of designated donations to certain restricted funds, has been reported as a cost recovery.

12. DONATIONS AND GIFTS-IN-KIND

Donations recognized in the general fund include gifts-in-kind received in fiscal 2019 having a fair value of \$74,421 (2018 - \$26,375). A corresponding amount has been included in grants to programs. Also included in donations revenue is stock gifted of \$124,595 (2018 - \$69,129).

13. COMMITMENTS AND CONTINGENCIES

At March 31, 2019, the Foundation has committed to the following future projects and equipment:

	2019
Intensive Care Unit	\$ 5,000,000
OHC Cardiac Expansion	1,780,000
Child, Youth & Family Projects	55,000
Miscellaneous Projects	<u>45,000</u>
TOTAL	<u>\$ 6,880,000</u>

No provision for these commitments has been reported in the non-consolidated financial statements; the donation expense will be reported in the year the equipment is purchased by Island Health and other parties.

The Foundation has a letter of credit with the TD bank authorized to \$750,000. Subsequent to the year end, this letter of credit was removed by the bank from the Foundation's credit facility.

14. INTERFUND BALANCES

The Externally Restricted Fund has interfund receivable totaling \$1,727,766 (2018 - \$854,241) due from the General Fund. There are no set terms or conditions on borrowing from other funds.

NANAIMO & DISTRICT HOSPITAL FOUNDATION

Notes to Non-Consolidated Financial Statements

Year Ended March 31, 2019

15. PLEDGES AND BEQUESTS

The Foundation receives pledges and bequests from donors. Management estimates that the Foundation will receive pledges and bequests of approximately \$1,262,585 (2018 - \$1,405,335) within the next fiscal year which will be recognized as revenue in the financial statements when received. Approximately \$849,289 (2018 - \$1,006,167) of the pledges and bequests are expected to be unrestricted contributions.

Subsequent to the year end, the Foundation received \$217,801 of the bequests.

16. REMUNERATION

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Foundation paid \$402,847 (during the 9 month period ending March 31, 2018 - \$230,453) in remuneration to three people (2018 - two) who are employees, whose remuneration, during the applicable period, was at least \$75,000.