

**Nanaimo & District Hospital Foundation**  
**Financial Statements**  
*March 31, 2020*

# Nanaimo & District Hospital Foundation

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*For the year ended March 31, 2020*

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# Independent Auditor's Report

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To the Members of Nanaimo & District Hospital Foundation:

## Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the financial statements of Nanaimo & District Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records and we were not able to determine whether adjustments might be necessary to donations revenue and excess of revenue over expenses for the year ended March 31, 2020, and assets and net assets as at March 31, 2020.

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.

### Other Matter

The financial statements of the Foundation for the year ended March 31, 2019 were audited by another firm of chartered professional accountants, who issued a qualified opinion on those statements on October 10, 2019 for the reasons described in the Basis for Qualified Opinion paragraph.

### 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.

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.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

September 29, 2020

*MNP* **LLP**

Chartered Professional Accountants

# Nanaimo & District Hospital Foundation

## Statement of Financial Position

*As at March 31, 2020*

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	4,253,110	1,855,639
Investments (Note 4)	967,044	3,029,869
Accounts receivable	59,361	20,715
Accrued interest receivable	5,199	17,121
Prepaid expenses	25,103	56,423
Due from subsidiaries (Note 6)	156,521	82,705
	5,466,338	5,062,472
Capital assets (Note 7)	375,154	307,846
Notes receivable	3,942	3,942
Investments (Note 4)	1,316,501	1,424,216
Investment in subsidiaries (Note 8)	616,398	582,731
	7,778,333	7,381,207
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	111,786	649,497
Deferred revenue (Note 9)	-	742
	111,786	650,239
<b>Commitments (Note 10)</b>		
<b>Significant event</b>		
<b>Net Assets</b>		
General Fund - Unrestricted	3,263,921	2,981,602
General Fund - Internally Restricted	550,000	550,000
Externally Restricted Fund	2,481,623	1,744,852
Gaming Fund	55,908	31,737
Endowment Fund	1,315,095	1,422,777
	7,666,547	6,730,968
	7,778,333	7,381,207

Approved on behalf of the Board of Directors

Director

Director

*The accompanying notes are an integral part of these financial statements*

# Nanaimo & District Hospital Foundation

## Statement of Operations and Changes in Net Assets

*For the year ended March 31, 2020*

	General Fund	Externally Restricted Fund	Gaming Fund	Endowment Fund	2020	2019
<b>Revenue (loss)</b>						
Donations (Note 5), (Note 13)	826,148	1,723,983	32,720	3,000	2,585,851	3,761,576
Investments (Note 4)	38,433	(598)	1,010	(7,654)	31,191	194,580
Grants	17,669	-	-	-	17,669	66,729
Miscellaneous income (Note 5)	126,347	1,566	-	-	127,913	105,927
	<b>1,008,597</b>	<b>1,724,951</b>	<b>33,730</b>	<b>(4,654)</b>	<b>2,762,624</b>	<b>4,128,812</b>
<b>Fundraising and administrative expenses</b>						
Amortization	25,769	-	-	-	25,769	17,108
Bank charges and interest	29,325	300	(156)	3,028	32,497	29,042
Education	4,300	-	-	-	4,300	4,952
Insurance	3,527	17,825	-	-	21,352	21,642
Meetings	1,091	1,352	-	-	2,443	1,709
Occupancy costs	699	-	-	-	699	-
Office	52,892	115	-	-	53,007	77,645
Postage	19	16,431	-	-	16,450	20,327
Printing	2,781	3,909	-	-	6,690	9,537
Professional fees	10,545	-	-	-	10,545	32,396
Publicity and promotion	16,262	61,412	-	-	77,674	83,932
Salaries and benefits (Note 15)	778,366	-	-	-	778,366	724,608
Telephone	5,898	-	-	-	5,898	5,251
Travel	1,415	650	-	-	2,065	3,626
	<b>932,889</b>	<b>101,994</b>	<b>(156)</b>	<b>3,028</b>	<b>1,037,755</b>	<b>1,031,775</b>
<b>Excess (deficiency) of revenue over expenses from operations</b>	<b>75,708</b>	<b>1,622,957</b>	<b>33,886</b>	<b>(7,682)</b>	<b>1,724,869</b>	<b>3,097,037</b>
<b>Other revenues (expenses)</b>						
Grants to programs	(149,442)	(663,801)	(9,715)	-	(822,958)	(1,169,320)
Cost recovery (Note 12)	322,385	(322,385)	-	-	-	-
Gain on disposal of commercial building	-	-	-	-	-	68,532
Income from investment in subsidiaries	33,668	-	-	-	33,668	49,623
	<b>206,611</b>	<b>(986,186)</b>	<b>(9,715)</b>	<b>-</b>	<b>(789,290)</b>	<b>(1,051,165)</b>
<b>Net excess (deficiency) of revenue over expenses</b>	<b>282,319</b>	<b>636,771</b>	<b>24,171</b>	<b>(7,682)</b>	<b>935,579</b>	<b>2,045,872</b>
<b>Net assets beginning of year</b>	<b>3,531,602</b>	<b>1,744,852</b>	<b>31,737</b>	<b>1,422,777</b>	<b>6,730,968</b>	<b>4,685,096</b>
<b>Fund transfers</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of year</b>	<b>3,813,921</b>	<b>2,481,623</b>	<b>55,908</b>	<b>1,315,095</b>	<b>7,666,547</b>	<b>6,730,968</b>

*The accompanying notes are an integral part of these financial statements*

# Nanaimo & District Hospital Foundation

## Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from donations and grants	2,590,124	3,886,015
Cash receipts from interest received	196,724	37,384
Cash received from miscellaneous receipts	88,525	105,922
Cash paid for operating expenses	(968,142)	(985,123)
Grants to programs	(1,330,582)	(598,655)
	<b>576,649</b>	<b>2,445,543</b>
<b>Financing</b>		
Repayment of long-term debt	-	(514,050)
<b>Investing</b>		
Advances to subsidiaries	(90,506)	-
Advances from subsidiaries	-	8,215
Purchase of investments	-	(1,945,333)
Redemption of term deposits	2,000,000	-
Purchase of capital assets	(93,075)	(12,271)
Proceeds on disposal of capital assets	-	532,000
Net change in cash held in portfolio investments	4,403	(94,888)
	<b>1,820,822</b>	<b>(1,512,277)</b>
<b>Increase in cash resources</b>	<b>2,397,471</b>	<b>419,216</b>
<b>Cash resources, beginning of year</b>	<b>1,855,639</b>	<b>1,436,423</b>
<b>Cash resources, end of year</b>	<b>4,253,110</b>	<b>1,855,639</b>

The accompanying notes are an integral part of these financial statements

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2020

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### 1. Incorporation and nature of the organization

Nanaimo & District Hospital Foundation (the "Foundation") was incorporated under the Society Act of British Columbia (the "Act") and is a registered charity exempt from income taxes under Section 149(1) of the Income Tax Act. 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 the Nanaimo Regional General Hospital and other Central Vancouver Island healthcare facilities within Island Health to benefit the community. The Foundation provides grants for equipment, health-related educational scholarships, major renovations and approved research. The Foundation owns two subsidiaries: 629814 B.C. Ltd. (Operating as Nanaimo Lifeline Program), a personal emergency response service for seniors and at risk individuals, and 606895 B.C. Ltd. (Operating as Code Brew), which operates a coffee kiosk at the Nanaimo Regional General Hospital. These subsidiaries contribute funds annually to the Foundation, based on a board-approved percentage of their annual results.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### ***Fund accounting***

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund reports the Foundation's general fundraising, granting, and administrative activities including unrestricted resources and internally restricted funds. The General Fund also reports the assets, liabilities, revenue and expenses related to the Foundation's capital assets.

The Externally Restricted Fund reports the Foundation's restricted resources that must be used as follows:

Specified Equipment Funds - 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 - for education purposes at Nanaimo Regional General Hospital.

Designated Contribution Funds - 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.

The Endowment Fund reports the Foundation's resources contributed for endowment.

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

#### ***Revenue recognition***

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Endowment contributions are recognized as revenue in the Endowment Fund. Investment income earned on the Endowment Fund is recognized as revenue of the General Fund unless otherwise directed by donors.



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

Donations and bequests are recorded in the year of receipt.

Contributed materials and services are recognized in the financial statements when the fair value can be reasonably determined and they are used in the normal course of 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.

**Investments**

Investments in subsidiaries are accounted for by the equity method. Investments are recorded at acquisition cost, increased by post-acquisition earnings and decreased by post-acquisition losses.

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the following methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	4 %
Computer equipment	straight-line	3-5 years
Furniture and fixtures	straight-line	10 years
Office equipment	straight-line	3-5 years
Leasehold improvements	straight-line	5 years

**Financial instruments**

Financial instruments are recorded at fair value on initial recognition. Purchases of equity and fixed income instruments quoted on an active market are initially recorded at settlement date. Fixed income and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial 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. Unrealized gains or losses are reported as part of investment income.

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, which are amortized using the straight-line method over the term of the instrument.

**Financial asset impairment:**

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments 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. If so, 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; 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 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 the excess of revenue over expenses in the year the reversal occurs.

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2020*

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

#### **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.

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

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the years in which they become known.

### 3. Cash

The cash balance includes \$53,562 (2019 - \$35,008) in funds derived from gaming activities. The use of these funds is restricted by an agreement with the Province of British Columbia Gaming Commission.

### 4. Investments

The General Fund portfolio investments include \$550,000 (2019 - \$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

				<b>2020</b>	2019
	<i>General Fund</i>	<i>Gaming / Externally Restricted Fund</i>	<i>Endowment Fund</i>	<b>Total</b>	<i>Total</i>
<b>Investment portfolio:</b>					
Cash balance	38,005	-	52,480	<b>90,485</b>	163,503
Portfolio	929,039	-	1,264,021	<b>2,193,060</b>	4,290,583
	<b>967,044</b>	<b>-</b>	<b>1,316,501</b>	<b>2,283,545</b>	<b>4,454,086</b>
<b>Investment income</b>					
Investment income	143,269	1,910	8,146	<b>153,325</b>	125,306
Realized gain	<u>27,114</u>	<u>456</u>	<u>3,906</u>	<b>31,476</b>	<u>6,238</u>
Realized investment income	<u>170,383</u>	<u>2,366</u>	<u>12,052</u>	<b>184,801</b>	<u>131,544</u>
Unrealized gain (loss)	261,191	(773)	26,193	<b>286,611</b>	349,647
Less: opening unrealized gain (loss)	<u>(393,141)</u>	<u>(1,181)</u>	<u>(45,899)</u>	<b>(440,221)</b>	<u>(286,611)</u>
Unrealized investment gain (loss)	<u>(131,950)</u>	<u>(1,954)</u>	<u>(19,706)</u>	<b>(153,610)</b>	63,036
	<b>38,433</b>	<b>412</b>	<b>(7,654)</b>	<b>31,191</b>	194,580

Investment income includes interest, dividends, and realized and unrealized gains (losses) related to measuring the investments at market value at March 31, 2020. Investment management fees of \$23,623 (2019 - \$22,438) have been included in bank and investment fees on the statement of operations and changes in net assets.

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2020*

### 5. Related party transactions

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

	2020	2019
<b>629814 B.C. Ltd. (Nanaimo Lifeline Program)</b>		
Management fee revenue included in miscellaneous income	50,000	35,000
Reimbursement of operating costs	122,939	96,138
Rent, strata fees and property taxes charged to the Nanaimo Lifeline Program for office space	-	22,128
Fees to the Nanaimo Lifeline Program to deliver the Check In Service program (as described in Note 10), included in grants to programs	5,583	70,363
Donation included in donation revenue	63,310	11,000
Donations paid included in grants to program	(920)	(920)
<hr/>		
<b>606895 B.C. Ltd. (Code Brew)</b>		
Management fee revenue included in miscellaneous income	50,000	35,000
Reimbursement of operating costs	26,832	26,943
Donation included in donation revenue	35,000	75,000
Purchase of goods and services	(353)	(135)

All of the above transactions 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.

### 6. Due from subsidiaries

	2020	2019
629814 B.C. Ltd. (Nanaimo Lifeline Program)	89,997	7,705
606895 B.C. Ltd. (Code Brew)	66,524	75,000
<hr/>		
	<b>156,521</b>	<b>82,705</b>

The balances due from subsidiaries are unsecured, non-interest bearing and have no set terms of repayment.

### 7. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	450,107	177,022	273,085	284,463
Computer equipment	11,375	11,375	-	280
Furniture and fixtures	19,579	12,205	7,374	8,822
Office equipment	539	539	-	80
Leasehold improvements	120,526	25,831	94,695	14,201
<hr/>				
	<b>602,126</b>	<b>226,972</b>	<b>375,154</b>	<b>307,846</b>

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2020*

### 8. Investment in subsidiaries

The Foundation holds investments in the following subsidiaries, which are accounted for using the equity method:

	% Ownership	2020	2019
606895 B.C. Ltd. (Code Brew)	100.00 %	<b>36,887</b>	24,322
629814 B.C. Ltd. (Nanaimo Lifeline Program)	100.00 %	<b>579,511</b>	558,409
		<b>616,398</b>	582,731

629814 B.C. Ltd. (Nanaimo Lifeline Program) was incorporated under the Society Act of British Columbia on June 21, 2001 and is exempt from income taxes under Section 149 (1)(e) of the Income Tax Act. 629814 B.C. Ltd. (Nanaimo Lifeline Program) provides monitoring and assistance to at risk individuals in emergency situations and serves the Central Vancouver Island region, from Cassidy to Bowser, with a call centre in Nanaimo monitoring over 1,500 clients.

Summary unaudited financial information of 629814 B.C. Ltd. (Nanaimo Lifeline Program) as at March 31, 2020 and March 31, 2019 is as follows:

	2020	2019
<b>Financial position</b>		
Total assets	<b>692,485</b>	601,076
Total liabilities	<b>112,974</b>	42,667
Total shareholder's equity	<b>579,511</b>	558,409
<b>Results of operations</b>		
Total revenue	<b>949,202</b>	949,825
Total expenses	<b>928,099</b>	926,077
Net income (loss)	<b>21,103</b>	23,748
<b>Cash flows provided by (used in):</b>		
Operating activities	<b>107,824</b>	135,653
Financing activities	<b>96,932</b>	(32,839)
Investing activities	<b>(19,135)</b>	(58,861)
Increase in cash	<b>185,621</b>	43,953

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2020*

### 8. Investment in subsidiaries (Continued from previous page)

606895 B.C. Ltd. (Code Brew) was incorporated under the Society Act of British Columbia on May 12, 2000. 606895 B.C. Ltd. (Code Brew) operates a coffee kiosk located in the lobby of the Nanaimo Regional General Hospital.

Summary unaudited financial information of 606895 B.C. Ltd. (Code Brew) as at March 31, 2020 and March 31, 2019 is as follows:

	2020	2019
<b>Financial position</b>		
Total assets	133,668	149,594
Total liabilities	96,781	125,272
<hr/>		
Total shareholder's equity	36,887	24,322
<hr/>		
<b>Results of operations</b>		
Total revenue	743,062	772,755
Total expenses	730,498	746,879
<hr/>		
Net income	12,564	25,876
<hr/>		
<b>Cash flows provided by (used in):</b>		
Operating activities	(3,325)	38,322
Financing activities	(8,682)	13,972
Investing activities	-	(16,243)
<hr/>		
Increase (decrease) in cash	(12,007)	36,051

### 9. Deferred revenue

The Foundation had 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"). This agreement ended during the fiscal year.

	2020	2019
Balance, beginning of year	742	742
Amount received during the year	-	70,363
Less: Amount recognized as revenue during the year	(742)	(70,363)
<hr/>		
Balance, end of year	-	742

### 10. Commitments

At March 31, 2020, the Foundation has committed to the following future projects and equipment:

Intensive Care Unit*	4,880,291
Endoscopy Surgical Suite*	1,636,452
OHC Cardiac Expansion*	1,220,337
Code Brew Relocation	627,752
High Risk OB Room	40,995
<hr/>	
	8,405,827

\*These are multi-year projects expected to complete within 2 to 3 years. Funds will be disbursed as required over this time period.

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2020

### 11. Significant event

In early 2020, there was a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Foundation 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.

The following presents the fair market value for portfolio investments held at June 30, 2020 and March 31, 2020:

	<i>June 30, 2020</i>	<i>March 31, 2020</i>
Total investments at market value	<b>2,473,069</b>	<b>2,283,545</b>

### 12. Interfund transactions and balances

During the year, the Foundation transferred \$322,385 (2019 - \$361,395) from the Externally Restricted Fund to the Foundation's General Fund representing up to 18% (2019 - 18%) of designated donations as a cost recovery.

At March 31, 2020, the Externally Restricted Fund has an interfund receivable totaling \$2,437,958 (2019 - \$1,727,766) due from the General Fund. There are no set terms or conditions on borrowing from other funds.

### 13. Donations and gifts-in-kind

Donations recognized in the General Fund include gifts-in-kind received in fiscal 2020 having a fair value of \$30,087 (2019 - \$74,421). A corresponding amount has been included in grants to programs. Also included in donations revenue is stock gifted of \$153,478 (2019 - \$124,595).

### 14. Pledges and bequests

The Foundation receives pledges and bequests from donors. Management estimates that the Foundation will receive pledges and bequests of approximately \$1,817,268 (2019 - \$1,262,585) within the next fiscal year which will be recognized as revenue in the financial statements when received. Approximately \$1,595,149 (2019 - \$849,289) of the pledges and bequests are expected to be unrestricted contributions.

Subsequent to year end, the Foundation received \$65,754 (2019 - \$217,801) of the bequests.

### 15. Remuneration

During the year, the Foundation paid \$449,187 (2019 - \$402,847) to three (2019 - three) employees whose salaries were greater than \$75,000.

### 16. 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.

#### **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. The Foundation manages its liquidity risk by monitoring its capital.

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2020

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### 16. Financial instruments *(Continued from previous page)*

#### **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 through its cash and investments with a value of \$6,536,655 as at March 31, 2020 (2019 - \$6,274,246). In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities.

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

### 17. 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; 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.