

**Nanaimo & District Hospital Foundation**  
**Financial Statements**  
*March 31, 2021*

# Nanaimo & District Hospital Foundation

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*For the year ended March 31, 2021*

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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, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2021, 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, 2021, and assets and net assets as at March 31, 2021. Our independent audit opinion on the financial statements for the year ended March 31, 2020 was also modified for this matter.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

June 29, 2021

*MNP* LLP

Chartered Professional Accountants

**Nanaimo & District Hospital Foundation**  
**Statement of Financial Position**

*As at March 31, 2021*

	<b>2021</b>	2020 <i>(Restated - Note 2)</i>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 4)	4,418,018	4,253,110
Investments (Note 5)	1,319,392	967,044
Accounts receivable	53,587	59,361
Accrued interest receivable	2,718	5,199
Prepaid expenses	26,571	25,103
Due from subsidiaries (Note 7)	<b>23,377</b>	156,521
	<b>5,843,663</b>	5,466,338
<b>Capital assets (Note 8)</b>	<b>337,983</b>	375,154
<b>Notes receivable</b>	<b>1,182</b>	3,942
<b>Investments (Note 5)</b>	<b>1,339,819</b>	1,316,501
<b>Investment in subsidiaries (Note 9)</b>	<b>859,477</b>	896,743
	<b>8,382,124</b>	8,058,678
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	<b>38,725</b>	111,786
<b>Commitments (Note 10)</b>		
<b>Significant event (Note 11)</b>		
<b>Net Assets</b>		
General Fund - Unrestricted	3,427,477	3,544,266
General Fund - Internally Restricted	550,000	550,000
Externally Restricted Fund	2,947,837	2,481,623
Gaming Fund	78,266	55,908
Endowment Fund	<b>1,339,819</b>	1,315,095
	<b>8,343,399</b>	7,946,892
	<b>8,382,124</b>	8,058,678

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

For the year ended March 31, 2021

	General Fund	Externally Restricted Fund	Gaming Fund	Endowment Fund	2021	2020
						<i>(Restated - Note 2)</i>
<b>Revenue</b>						
Donations <i>(Note 6), (Note 14)</i>	676,447	2,739,904	28,500	13,000	3,457,851	2,585,851
Investments <i>(Note 5)</i>	393,911	5,241	432	43,778	443,362	31,191
Grants	-	-	-	-	-	17,669
Miscellaneous income <i>(Note 6)</i>	120,221	-	-	-	120,221	127,913
Government assistance <i>(Note 13)</i>	167,106	-	-	-	167,106	-
	<b>1,357,685</b>	<b>2,745,145</b>	<b>28,932</b>	<b>56,778</b>	<b>4,188,540</b>	<b>2,762,624</b>
<b>Fundraising and administrative expenses (recovery)</b>						
Amortization	37,170	-	-	-	37,170	25,769
Bank charges and interest	32,631	310	74	3,054	36,069	32,497
Education	-	-	-	-	-	4,300
Insurance	5,458	17,825	-	-	23,283	21,352
Miscellaneous	221	-	-	-	221	-
Meetings	101	238	-	-	339	2,443
Occupancy costs	2,487	-	-	-	2,487	699
Office	54,468	-	-	-	54,468	53,007
Postage	19	25,026	-	-	25,045	16,450
Printing	(1,285)	5,782	-	-	4,497	6,690
Professional fees	11,702	-	-	-	11,702	10,545
Publicity and promotion	10,300	38,586	-	-	48,886	77,674
Salaries and benefits <i>(Note 16)</i>	709,104	-	-	-	709,104	778,366
Telephone	5,753	-	-	-	5,753	5,898
Travel	1,415	118	-	-	1,533	2,065
	<b>869,544</b>	<b>87,885</b>	<b>74</b>	<b>3,054</b>	<b>960,557</b>	<b>1,037,755</b>
<b>Excess of revenue over expenses from operations</b>	<b>488,141</b>	<b>2,657,260</b>	<b>28,858</b>	<b>53,724</b>	<b>3,227,983</b>	<b>1,724,869</b>
<b>Other revenues (expenses)</b>						
Grants to programs	(1,032,249)	(1,741,461)	(6,500)	(14,000)	(2,794,210)	(822,958)
Cost recovery <i>(Note 12)</i>	464,585	(464,585)	-	-	-	-
Income (loss) from investment in subsidiaries	(37,266)	-	-	-	(37,266)	20,362
	<b>(604,930)</b>	<b>(2,206,046)</b>	<b>(6,500)</b>	<b>(14,000)</b>	<b>(2,831,476)</b>	<b>(802,596)</b>
<b>Net excess (deficiency) of revenue over expenses</b>	<b>(116,789)</b>	<b>451,214</b>	<b>22,358</b>	<b>39,724</b>	<b>396,507</b>	<b>922,273</b>

The accompanying notes are an integral part of these financial statements

## Nanaimo & District Hospital Foundation Statement of Changes in Net Assets

*For the year ended March 31, 2021*

	<i>General Fund</i>	<i>Externally Restricted Fund</i>	<i>Gaming Fund</i>	<i>Endowment Fund</i>	<b>2021</b>	<i>2020</i>
						<i>(Restated - Note 2)</i>
<b>Net assets, beginning of year, as originally stated</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>	6,730,968
<b>Prior period adjustment</b> <i>(Note 2)</i>	<b>280,345</b>	-	-	-	<b>280,345</b>	293,651
<b>Net assets, beginning of year, restated</b>	<b>4,094,266</b>	<b>2,481,623</b>	<b>55,908</b>	<b>1,315,095</b>	<b>7,946,892</b>	7,024,619
<b>Net excess (deficiency) of revenue over expenses</b>	<b>(116,789)</b>	<b>451,214</b>	<b>22,358</b>	<b>39,724</b>	<b>396,507</b>	922,273
<b>Fund transfers</b>	-	<b>15,000</b>	-	<b>(15,000)</b>	-	-
<b>Net assets, end of year</b>	<b>3,977,477</b>	<b>2,947,837</b>	<b>78,266</b>	<b>1,339,819</b>	<b>8,343,399</b>	7,946,892

*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, 2021*

	<b>2021</b>	<i>2020</i> <i>(Restated -</i> <i>Note 2)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from donations and grants	<b>3,382,257</b>	2,590,124
Cash receipts from investments	<b>161,531</b>	196,724
Cash received from miscellaneous receipts	<b>120,221</b>	88,525
Cash paid for operating expenses	<b>(1,007,901)</b>	(968,142)
Grants to programs	<b>(2,794,210)</b>	(1,330,582)
Canada emergency wage subsidy	<b>167,106</b>	-
	<b>29,004</b>	576,649
<b>Investing</b>		
Advances to subsidiaries	-	(90,506)
Advances from subsidiaries	<b>133,144</b>	-
Purchase of capital assets	-	(93,075)
Redemption of term deposits	-	2,000,000
Repayment of notes receivable	<b>2,760</b>	-
Net change in cash held in portfolio investments	-	4,403
	<b>135,904</b>	1,820,822
<b>Increase in cash resources</b>	<b>164,908</b>	2,397,471
<b>Cash resources, beginning of year</b>	<b>4,253,110</b>	1,855,639
<b>Cash resources, end of year</b>	<b>4,418,018</b>	4,253,110

*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, 2021

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### 1. Incorporation and nature of the organization

Nanaimo & District Hospital Foundation (the "Foundation") was incorporated under the Societies 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. Prior period adjustment

629814 B.C. Ltd. operating as Nanaimo Lifeline Program, a subsidiary of the Foundation, changed its amortization policy for monitoring equipment from a declining balance method at a rate of 20% to a straight-line method at a rate of 15 years.

The above noted change in accounting policy was applied retrospectively, and prior periods have been restated. The impact of the above noted changes to the Foundation as of March 31, 2021 was to increase opening net assets by \$280,345. The aggregate effect in the prior year, as of March 31, 2020, was to increase investments in subsidiaries by \$280,345, increase opening net assets by \$293,651, decrease income from investments in subsidiaries by \$13,306 and decrease excess of revenues over expenses by \$13,306.

### 3. 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, which is primarily related to purchases for hospital equipment.

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.

**Nanaimo & District Hospital Foundation**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

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

**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.

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 %
Furniture and fixtures	straight-line	10 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.

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

**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.

**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.

**4. Cash**

The cash balance includes \$82,444 (2020 - \$53,562) in funds derived from gaming activities. The use of these funds is restricted by an agreement with the Province of British Columbia Gaming Commission.

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

### 5. Investments

The General Fund portfolio investments include \$550,000 (2020 - \$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.

				2021	2020
	General Fund	Gaming / Externally Restricted Fund	Endowment Fund	Total	Total
<b>Investment portfolio:</b>					
Cash balance	42,558	-	47,991	<b>90,549</b>	90,485
Portfolio	1,276,834	-	1,291,828	<b>2,568,662</b>	2,193,060
	<b>1,319,392</b>	<b>-</b>	<b>1,339,819</b>	<b>2,659,211</b>	2,283,545
<b>Investment income</b>					
Investment income	94,691	1,358	8,642	<b>104,691</b>	153,325
Realized gain	<u>46,666</u>	<u>690</u>	<u>7,028</u>	<b>54,384</b>	<u>31,476</u>
Realized investment income	<u>141,357</u>	<u>2,048</u>	<u>15,670</u>	<b>159,075</b>	<u>184,801</u>
Unrealized gain (loss)	(131,949)	(1,955)	(19,706)	<b>(153,610)</b>	286,611
Less: opening unrealized gain (loss)	<u>384,503</u>	<u>5,580</u>	<u>47,814</u>	<b>437,897</b>	<u>(440,221)</u>
Unrealized investment gain (loss)	252,554	3,625	28,107	<b>284,286</b>	(153,610)
	<b>393,911</b>	<b>5,673</b>	<b>43,778</b>	<b>443,362</b>	31,191

Investment income includes interest, dividends, and realized and unrealized gains (losses) related to measuring the investments at market value at March 31, 2021. Investment management fees of \$24,390 (2020 - \$23,623) 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, 2021*

### 6. Related party transactions

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

	2021	2020
<b>629814 B.C. Ltd. (Nanaimo Lifeline Program)</b>		
Management fee revenue included in miscellaneous income	50,000	50,000
Reimbursement of operating costs	129,008	122,939
Fees to the Nanaimo Lifeline Program to deliver the Check In Service program (as described in Note 9), included in grants to programs	-	5,583
Donation included in donation revenue	-	63,310
Donations paid included in grants to program	<b>(770)</b>	<b>(920)</b>
<hr/>		
<b>606895 B.C. Ltd. (Code Brew)</b>		
Management fee revenue included in miscellaneous income	50,000	50,000
Reimbursement of operating costs	149,268	26,832
Donation included in donation revenue	-	35,000
Purchase of goods and services	<b>(530)</b>	<b>(353)</b>

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.

### 7. Due from subsidiaries

	2021	2020
629814 B.C. Ltd. (Nanaimo Lifeline Program)	12,869	89,996
606895 B.C. Ltd. (Code Brew)	10,508	66,524
<hr/>		
	<b>23,377</b>	<b>156,520</b>

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

### 8. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Buildings	450,107	187,946	262,161	273,085
Furniture and fixtures	11,039	4,972	6,067	7,374
Leasehold improvements	109,225	39,470	69,755	94,695
<hr/>				
	<b>570,371</b>	<b>232,388</b>	<b>337,983</b>	<b>375,154</b>

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

### 9. Investment in subsidiaries

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

	% Ownership	2021	2020 <i>(Restated - Note 2)</i>
606895 B.C. Ltd. (Code Brew)	100.00 %	<b>37,707</b>	36,887
629814 B.C. Ltd. (Nanaimo Lifeline Program)	100.00 %	<b>821,770</b>	859,856
		<b>859,477</b>	896,743

629814 B.C. Ltd. (Nanaimo Lifeline Program) was incorporated under the Societies 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, 2021 and March 31, 2020 is as follows:

	2021	2020 <i>(Restated - Note 2)</i>
<b>Financial position</b>		
Total assets	<b>872,479</b>	972,830
Total liabilities	<b>50,707</b>	112,972
Total shareholder's equity	<b>821,772</b>	859,858
<b>Results of operations</b>		
Total revenue	<b>915,089</b>	949,202
Total expenses	<b>953,175</b>	941,404
Net income (loss)	<b>(38,086)</b>	7,798
<b>Cash flows provided by (used in):</b>		
Operating activities	<b>153,119</b>	107,824
Financing activities	<b>(177,319)</b>	96,932
Investing activities	<b>(19,813)</b>	(19,135)
Increase (decrease) in cash	<b>(44,013)</b>	185,621

# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

*For the year ended March 31, 2021*

**9. Investment in subsidiaries** *(Continued from previous page)*

606895 B.C. Ltd. (Code Brew) was incorporated under the Societies Act of British Columbia on December 5, 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, 2021 and March 31, 2020 is as follows:

	<b>2021</b>	2020
<b>Financial position</b>		
Total assets	<b>151,746</b>	133,668
Total liabilities	<b>114,040</b>	96,781
<hr/>		
Total shareholder's equity	<b>37,706</b>	36,887
<hr/>		
<b>Results of operations</b>		
Total revenue	<b>582,746</b>	743,062
Total expenses	<b>581,926</b>	730,498
<hr/>		
Net income	<b>820</b>	12,564
<hr/>		
<b>Cash flows provided by (used in):</b>		
Operating activities	<b>(90,172)</b>	(3,325)
Financing activities	<b>104,175</b>	(8,682)
Investing activities	<b>(84,653)</b>	-
<hr/>		
Decrease in cash	<b>(70,650)</b>	(12,007)

**10. Commitments**

At March 31, 2021 the Foundation has committed to the following future projects and equipment:

Intensive Care Unit*	4,463,963
Endoscopy Surgical Suite*	1,006,620
OHC Cardiac Expansion*	144,132
Code Brew Relocation	149,157
High Risk OB Room	40,677
	<hr/>
	<b>5,804,549</b>

\*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, 2021

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### 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.

### 12. Interfund transactions and balances

During the year, the Foundation transferred \$464,585 (2020 - \$322,385) from the Externally Restricted Fund to the Foundation's General Fund representing up to 18% (2020 - 18%) of designated donations as a cost recovery.

At March 31, 2021, the Externally Restricted Fund has an interfund receivable totaling \$2,914,918 (2020 - \$2,437,958) due from the General Fund. There are no set terms or conditions on borrowing from other funds.

### 13. Government assistance

On April 11, 2020, the Canadian government launched the Canada Emergency Wage Subsidy (the "CEWS"), an emergency economic relief program to lessen the financial fallout on Canadian businesses from the effects of COVID-19.

The CEWS program is designed to help businesses struggling with the economic effects of the coronavirus retain and/or rehire their employees. The CEWS program provides a salary subsidy of 75% of an employee's wages (up to a weekly cap of \$847) for up to 12 weeks, retroactive from March 15, 2020 and ending on June 6, 2020. The subsidy is intended to make it easier for eligible employers to avoid laying off or terminating employees, as well as to bring back staff that were laid-off due to COVID-19 by significantly lessening the organization's payroll costs.

If eligible employers determine that they qualify for the CEWS for one claim period, they will automatically qualify for the following claim period. On May 15, 2020, the Canadian government announced that it would be extending the CEWS by an additional 12 weeks to August 29, 2020. The program was subsequently updated on July 19, 2020, November 19, 2020, and April 19, 2021, which extended the end date to September 2021.

During the year, the Foundation claimed \$167,106 of CEWS related to eligible remuneration paid during the year. Of this amount, \$154,243 was received during the year and \$12,863 has been recorded as receivable at year end.

Any subsidies received that are subsequently determined to not meet the eligibility criteria are subject to repayment with interest and possibly penalties in certain cases. Management believes the Foundation has met the eligibility criteria for these subsidies and that they have been calculated correctly. As such, no contingent liability for repayment has been recorded in relation to these subsidies.

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

Donations recognized in the General Fund include gifts-in-kind received in fiscal 2021 having a fair value of \$75,594 (2020 - \$30,087). A corresponding amount has been included in grants to programs. Also included in donations revenue is stock gifted of \$290,272 (2020 - \$153,478).

### 15. Pledges and bequests

The Foundation receives pledges and bequests from donors. Management estimates that the Foundation will receive pledges and bequests of approximately \$1,125,985 (2020 - \$1,817,268) within the next fiscal year which will be recognized as revenue in the financial statements when received. Approximately \$975,985 (2020 - \$1,595,149) of the pledges and bequests are expected to be unrestricted contributions.

Subsequent to year end, the Foundation received \$260,485 (2020 - \$65,754) of the bequests.



# Nanaimo & District Hospital Foundation

## Notes to the Financial Statements

For the year ended March 31, 2021

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### 16. Remuneration

During the year, the Foundation paid \$466,597 (2020 – \$449,187) to three (2020 - three) employees whose salaries were greater than \$75,000.

### 17. 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.

#### **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 \$7,077,228 as at March 31, 2021 (2020 - \$6,536,655). 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.

#### **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 foreign 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 enters into transactions to purchase marketable securities, for which the market price fluctuates.

### 18. 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.

### 19. Comparative figures

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

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