

Lady Minto Hospital Foundation
Financial Statements
March 31, 2023

Lady Minto Hospital Foundation Contents

For the year ended March 31, 2023

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To the Members of Lady Minto Hospital Foundation:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Lady Minto Hospital Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2023, 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, 2023, and its financial performance 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 revenues from voluntary donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation revenue and excess of revenue over expenses for the years ended March 31, 2023 and March 31, 2022, and assets and net assets as at March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 qualified 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 the basis consistent with that of the preceding year.

Nanaimo, British Columbia

September 26, 2023

MNP LLP

Chartered Professional Accountants

Lady Minto Hospital Foundation

Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	356,987	363,037
Short-term investments (Note 3)	2,000,000	2,706,622
Accounts receivable	343,525	19,920
Goods and services tax receivable	12,943	7,034
	2,713,455	3,096,613
Capital assets (Note 4)	4,093,936	4,062,347
Investments (Note 5)	5,560,713	7,424,274
	12,368,104	14,583,234
Liabilities		
Current		
Accounts payable and accruals	41,059	193,940
Source deductions payable	1,163	1,163
	42,222	195,103
Commitments (Note 13)		
Net Assets (Note 6)	12,325,882	14,388,131
	12,368,104	14,583,234

Approved on behalf of the Board

Brenda McEachern

Director



Director

The accompanying notes are an integral part of these financial statements

Lady Minto Hospital Foundation

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

	<i>Unrestricted Funds</i>	<i>Internally Restricted Funds</i>	<i>Externally Restricted Funds</i>	<i>Capital Asset Fund</i>	2023	2022
Revenue						
Rental income	-	-	-	748,700	748,700	16,065
Donations <i>(Note 7)</i>	435,565	-	185,480	-	621,045	4,836,878
Interest and dividends <i>(Note 5)</i>	227,232	-	-	-	227,232	195,582
Fundraising <i>(Note 8)</i>	27,027	-	-	-	27,027	383,592
Realized gain on investments <i>(Note 5)</i>	1,558	-	-	-	1,558	376,121
Unrealized fair value loss on investments <i>(Note 5)</i>	(117,638)	-	-	-	(117,638)	(258,737)
	573,744	-	185,480	748,700	1,507,924	5,549,501
Expenses						
Administrative	146,674	-	-	-	146,674	83,181
Amortization	-	-	-	118,212	118,212	-
Bank charges and interest	4,625	-	-	-	4,625	9,814
Bookkeeping	2,042	-	-	-	2,042	3,370
Computer support	33,821	-	-	-	33,821	13,445
Emergency room campaign	43	-	-	-	43	81,682
Fundraising expenses <i>(Note 8)</i>	4,638	-	-	-	4,638	30,298
Insurance	3,558	-	-	33,318	36,876	6,702
Investment management fees	39,184	-	-	-	39,184	42,043
Miscellaneous	13,384	-	-	-	13,384	12,130
Newsletter and annual report	6,663	-	-	-	6,663	1,216
Printing, stationary and postage	10,371	-	-	-	10,371	2,655
Professional fees	14,028	-	-	103,519	117,547	31,149
Property taxes	-	-	-	24,725	24,725	-
Public relations	14,817	-	-	-	14,817	5,711
Repairs and maintenance	-	-	-	2,800	2,800	-
Staff development	482	-	-	-	482	258
Utilities	-	-	-	31,556	31,556	-
	294,330	-	-	314,130	608,460	323,654
Excess (deficit) of revenue over expenses before distributions	279,414	-	185,480	434,570	899,464	5,225,847
Distributions						
To Island Health <i>(Note 9)</i>	(9,834)	-	(2,951,879)	-	(2,961,713)	(493,072)
Excess (deficit) of revenue over expenses	269,580	-	(2,766,399)	434,570	(2,062,249)	4,732,775
Net assets, beginning of year	1,903,297	2,732,311	5,695,092	4,057,431	14,388,131	9,655,356
Net assets, end of year	2,172,877	2,732,311	2,928,693	4,492,001	12,325,882	14,388,131

The accompanying notes are an integral part of these financial statements

Lady Minto Hospital Foundation
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Receipts from investments	203,807	195,582
Receipts from donations	621,045	4,836,878
Receipts from fundraising	27,027	383,592
Receipts from rentals	446,000	-
Payments for operating expenses	(649,037)	(168,936)
Payments for fundraising	-	(30,923)
Cash paid for distributions to Island Health and others	(2,961,713)	(493,072)
	(2,312,871)	4,723,121
Investing		
Purchase of short term investments	(2,000,000)	(2,500,000)
Proceeds of short-term investments	2,706,622	-
Purchase of capital assets	(149,801)	(4,062,348)
Purchase of investments	(147,200)	(476,705)
Proceeds on disposal of investments	1,897,200	464,372
	2,306,821	(6,574,681)
Decrease in cash resources	(6,050)	(1,851,560)
Cash resources, beginning of year	363,037	2,214,597
Cash resources, end of year	356,987	363,037

The accompanying notes are an integral part of these financial statements

Lady Minto Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2023

1. Purpose of the organization

The Lady Minto Hospital Foundation (the "Foundation") is incorporated under the Societies Act of British Columbia as a not-for-profit organization. The Foundation is a registered charity under the Income Tax Act and is exempt from income taxes as long as certain conditions are met. The Foundation's purpose is to raise and manage funds that will be used for the acquisition of real property and equipment for the Island Health Lady Minto Hospital.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors.

The Unrestricted Funds report unrestricted resources and administrative activities.

The Externally Restricted Funds report contributions that are restricted by the donor and distributions which satisfy those restrictions.

The Internally Restricted Funds report contributions that are restricted by the Board of Directors and distributions and activities that satisfy those restrictions.

The Capital Asset Fund reports equity in capital assets and operations related to the property at 101 Bittancourt Road.

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.

Revenue recognition

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

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 Unrestricted Funds in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fundraising revenue is recognized when the event takes place and the revenue has been received.

Rental income is recorded in accordance with rental agreements, when the amounts become receivable and collection is reasonably assured.

Donations are recorded as revenue when received.

Investment income is recognized as revenue in the Unrestricted Fund when earned.

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

Contributed materials

Contributions of materials are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Foundation's operations and would otherwise have been purchased. Volunteers contribute many hours of service per year to assist the Foundation. Because of the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook - Accounting Section 3840 *Related Party Transactions*.

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has elected to subsequently measure investments in other than equity instruments at fair value.

The Foundation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

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

3. Short-term investments

	2023	2022
Guaranteed investment certificate bearing interest at 2.20%, maturing April 2022	-	206,622
Guaranteed investment certificate bearing interest at 0.70%, maturing October 2022	-	2,500,000
Guaranteed investment certificate bearing interest at 4.50%, maturing February 2024	2,000,000	-
	2,000,000	2,706,622

Lady Minto Hospital Foundation Notes to the Financial Statements

For the year ended March 31, 2023

4. Capital assets

	<i>Accumulated Cost</i>	<i>amortization</i>	2023 Net book value	<i>2022 Net book value</i>
Land	1,107,043	-	1,107,043	1,107,043
Buildings	2,955,304	118,212	2,837,092	2,955,304
Work in process	149,801	-	149,801	-
	4,212,148	118,212	4,093,936	4,062,347

The Foundation owns property located at 101 Bittancourt Road, Salt Spring Island. The purpose of the property is to provide residential rental housing for Lady Minto Hospital employees.

5. Investments

	2023	<i>2022</i>
Investment portfolio:		
Portfolio	5,560,713	7,424,274
Investment income:		
Interest and dividends	227,232	195,582
Realized gains on disposal of investments	1,558	376,121
Realized investment income	228,790	571,703
Unrealized losses on investments	(117,638)	(258,737)
Total investment income	111,152	312,966

6. Net Assets

	<i>Unrestricted</i>	<i>Internally restricted</i>	<i>Externally restricted</i>	<i>Capital asset fund</i>	2023	<i>2022</i>
Capital campaign	-	-	-	-	-	51,819
Designated donations	-	-	2,358,097	-	2,358,097	5,073,108
Contingency fund	-	400,000	-	-	400,000	400,000
Karen Davies endowment	-	-	177,395	-	177,395	177,215
General endowment	-	2,332,311	393,201	-	2,725,512	2,725,261
Unrestricted	2,172,877	-	-	-	2,172,877	1,903,297
Capital asset fund	-	-	-	4,492,001	4,492,001	4,057,431
Total net assets	2,172,877	2,732,311	2,928,693	4,492,001	12,325,882	14,388,131

Lady Minto Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2023

6. Net Assets *(Continued from previous page)*

Capital campaign fund consists of donations earned during the capital campaign of 2020-2022 which are externally restricted and will be used to complete the Emergency Department Project in the 2023-24 fiscal year.

Designated donations fund consists of donor designated funds for equipment and/or specific departments such as palliative care, laboratory, emergency room, home care nursing, extended care, etc.

Contingency fund is internally restricted by the Board of Directors to provide backup should there be a shortfall or unexpected expense in any given year.

Karen Davies endowment fund was created to ensure that the Foundation has a predictable and long-term source of funds to purchase equipment for the hospital.

General endowment fund (internally restricted) was created by the Board of Directors. General endowment fund (externally restricted) includes amounts restricted by donors. General endowment funds seek to ensure that the hospital has a predictable and long-term source of funding to enhance the services and facilities offered.

Unrestricted fund includes all other activity of the Foundation, including general operating and fundraising activities and donations received without restrictions attached.

Capital asset fund includes equity in capital assets and all activity relating to the capital asset purchase and operations of the property at 101 Bittancourt Road.

7. Donations

Included in donations are gifts-in-kind and donations of marketable securities totaling \$267,129 (2022 - \$1,010,759).

8. Fundraising events

	Revenue	Expenses	2023 Net	2022 Net
Phantom ball	-	-	-	19,744
Golf tournament	27,027	(4,639)	22,388	22,630
	<u>27,027</u>	<u>(4,639)</u>	<u>22,388</u>	<u>42,374</u>

9. Distributions to Island Health

Distributions to Island Health consist of payments to Island Health and payments to third parties for the purchase of supplies, capital and special purpose equipment and services provided to Lady Minto Hospital. It is the policy of Island Health to directly purchase capital and special purchase equipment and services and then request reimbursement from the Foundation for these items.

Lady Minto Hospital Foundation
Notes to the Financial Statements
For the year ended March 31, 2023

10. 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.

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, 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 price risk through its investments with a value of \$7,560,713 as at March 31, 2023 (2022 - \$10,130,896). In seeking to minimize the risk from price risk, the Foundation manages exposure by maintaining a diversified investment portfolio consisting of a lower risk investments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation enters into transactions to purchase and sell investments denominated in foreign currencies for which the related revenue, expenses, and investments are subject to exchange rate fluctuations. As at March 31, 2023, the following items are denominated in foreign currency:

	2023	2022
	CAD\$	CAD\$
US Equity Fund	741,408	1,041,984
International Fund	1,316,499	1,321,160
International Core Active Bond Fund	1,912,860	2,360,177
US Small Mid-Cap Equity Pool	293,147	324,721
	4,263,914	5,048,042

11. Director and employee remuneration

The Foundation does not compensate its directors. One contractor of the Foundation received remuneration in excess of \$75,000 per annum.

12. Comparative figures

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

13. Commitments

At March 31, 2023 the Foundation has committed to the following future projects and equipment:

Emergency Department	4,927,000
Other	285,000
	5,212,000

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

Lady Minto Hospital Foundation

Notes to the Financial Statements

For the year ended March 31, 2023

14. Pledges and bequests

The Foundation receives pledges and bequests from donors. Management estimates that the Foundation will receive pledges and bequests of approximately \$2,020,000 within the next fiscal year which will be recognized as revenue in the financial statements when received. Of that total, \$1,295,000 is expected to be unrestricted contributions, \$100,000 externally restricted for equipment purchases and \$625,000 externally restricted for the Emergency Department capital campaign.