

**DELTA HOSPITAL FOUNDATION**  
**FINANCIAL STATEMENTS**

**March 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Delta Hospital Foundation

#### Report on the Financial Statements

I have audited the accompanying financial statements of Delta Hospital Foundation, which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Basis for Qualified Opinion

In common with many charitable organizations, Delta Hospital Foundation derives a part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of Delta Hospital Foundation, as I was not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, assets and net assets.

#### Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Delta Hospital Foundation as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

#### Cran & Company

Certified General Accountant  
Delta, BC  
July 6, 2015

**DELTA HOSPITAL FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
As at March 31, 2015**

**ASSETS**

	<b>Total 2015</b>	<b>Total 2014</b>
<b>CURRENT</b>		
Cash	\$ 802,322	\$ 843,948
Contributions receivable	427,577	-
Other assets and accounts receivable	24,972	41,547
<hr/>		
<b>TOTAL CURRENT ASSETS</b>	<b>1,254,871</b>	885,495
<b>MARKETABLE SECURITIES</b> (note 3)	<b>1,165,080</b>	1,005,459
<b>TERM DEPOSITS</b> (note 4)	<b>4,382,962</b>	3,540,555
<b>TANGIBLE CAPITAL ASSETS</b> (note 5)	<b>61,965</b>	67,186
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<b>TOTAL ASSETS</b>	<b>\$ 6,864,878</b>	\$ 5,498,695

APPROVED BY THE DIRECTORS:

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The Accompanying Notes are an Integral part of these Financial Statements

**DELTA HOSPITAL FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
As at March 31, 2015**

**LIABILITIES AND NET ASSETS**

	<b>Total 2015</b>	<b>Total 2014</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable (note 6)	\$ 224,822	\$ 69,104
Payroll liabilities	47,566	20,627
Deferred revenue	20,000	-
<hr/>		
<b>TOTAL LIABILITIES</b>	<b>292,388</b>	<b>89,731</b>
<hr/>		
<b>NET ASSETS</b>		
General Fund - Unrestricted	1,134,188	696,906
General Fund - Internally Restricted (note 7)	855,567	787,297
Endowment Fund (note 8)	663,290	662,107
Gaming Fund	50,661	130,986
Hospital Fund (note 9)	3,868,784	3,131,668
<hr/>		
<b>TOTAL NET ASSETS</b>	<b>6,572,490</b>	<b>5,408,964</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,864,878</b>	<b>\$ 5,498,695</b>
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The Accompanying Notes are an Integral part of these Financial Statements

**DELTA HOSPITAL FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**For the year ended March 31, 2015**

	<u>General</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Gaming</u> <u>Fund</u>	<u>Hospital</u> <u>Fund</u>	<u>Total</u> <u>2015</u>	<u>Total</u> <u>2014</u>
<b>REVENUE</b>						
Donations (schedule I)	\$ 1,614,768	\$ -	\$ 29,348	\$ 637,767	<b>\$ 2,281,883</b>	\$ 4,368,259
Interest and dividends	54,530	16,877	1,284	86,295	<b>158,986</b>	68,264
Unrealized gain on investments	15,108	5,601	-	28,640	<b>49,349</b>	118,168
	1,684,406	22,478	30,632	752,702	<b>2,490,218</b>	4,554,691
<b>OPERATING EXPENDITURES</b>						
Administration(schedule II)	282,369	8,950	38	-	<b>291,357</b>	319,392
Fundraising (schedule II)	612,983	-	2,488	-	<b>615,471</b>	625,574
<b>Net revenue before program spending</b>	789,054	13,528	28,106	752,702	<b>1,583,390</b>	3,609,725
<b>PROGRAM SPENDING</b>						
Medical equipment and education (schedule II)	283,502	12,345	108,431	12,362	<b>416,640</b>	260,875
Building and Improvements (schedule II)	-	-	-	3,224	<b>3,224</b>	43
<b>Excess (deficiency) of revenue over expenditures</b>	505,552	1,183	(80,325)	737,116	<b>1,163,526</b>	3,348,807
<b>NET ASSETS, beginning of year</b>	1,484,203	662,107	130,986	3,131,668	<b>5,408,964</b>	2,060,157
<b>NET ASSETS, end of year</b>	\$ 1,989,755	\$ 663,290	\$ 50,661	\$ 3,868,784	<b>\$ 6,572,490</b>	\$ 5,408,964

The Accompanying Notes are an Integral part of these Financial Statements

**DELTA HOSPITAL FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**For the year ended March 31, 2015**

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Gaming Fund</u>	<u>Hospital Fund</u>	<u>Total 2015</u>	Total 2014
<b>SOURCES OF CASH</b>						
Donations	\$ 1,207,191	\$ -	\$ 29,348	\$ 637,767	\$ <b>1,874,306</b>	\$ 4,329,759
Interest and dividends	48,928	22,478	1,285	86,295	<b>158,986</b>	68,264
	1,256,119	22,478	30,633	724,062	<b>2,033,292</b>	4,398,023
<b>USES OF CASH</b>						
Administration	(242,351)	(8,950)	(38)	-	<b>(251,339)</b>	(294,829)
Fundraising	(598,653)	-	(2,488)	-	<b>(601,141)</b>	(639,643)
Medical equipment and education	(127,785)	(12,345)	(108,431)	(12,362)	<b>(260,923)</b>	(416,843)
Building and Improvements	-	-	-	(3,224)	<b>(3,224)</b>	(43)
Purchase of capital assets	(4,926)	-	-	-	<b>(4,926)</b>	(52,231)
	(973,715)	(21,295)	(110,957)	(15,586)	<b>(1,121,553)</b>	(1,403,589)
<b>INVESTMENT ACTIVITIES:</b>						
(Increase) in investments	(203,365)	-	-	(750,000)	<b>(953,365)</b>	(3,520,409)
	(203,365)	-	-	(750,000)	<b>(953,365)</b>	(3,520,409)
<b>INCREASE (DECREASE) OF CASH</b>						
	79,039	1,183	(80,324)	(41,524)	<b>(41,626)</b>	(525,975)
<b>CASH, beginning of year</b>	237,192	134,325	130,986	341,445	<b>843,948</b>	1,369,923
<b>CASH, end of year</b>	\$ 316,231	\$ 135,508	\$ 50,662	\$ 299,921	<b>\$ 802,322</b>	\$ 843,948

The Accompanying Notes are an Integral part of these Financial Statements

**DELTA HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**1. NATURE OF ORGANIZATION**

The Delta Hospital Foundation (the Foundation) was incorporated July 20, 1988 under the Society Act of British Columbia as a not-for-profit public foundation and is exempt from income tax as a registered charity under the Income Tax Act. The Foundation funds building construction and improvement projects, hospital programs and the purchase of medical equipment for the Delta Hospital. Funds are raised through community appeals for funds by receiving donations, gifts, bequests, special event activities, grants and endowments from all sources.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The Foundation prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), and include the following significant accounting policies.

**Fund accounting**

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

The General Fund includes investment income, bequests, legacies and unspecified donations received for which there are no external restrictions attached by the donor. The fund accounts for the Foundation's program delivery and administrative activities and reports funds internally restricted by the board of directors.

The Endowment Fund includes resources contributed for endowment. Investment income earned on resources of the Endowment Fund is reported in the appropriate restricted funds.

The Gaming Fund accounts for the Foundation's disbursements of funds for hospital equipment based on guidelines provided by the Province of British Columbia. Restricted contributions from gaming activities are reported in this fund.

The Hospital Fund reports donations, related investment income and expenditures subject to restrictions placed by the donors.

**Tangible capital assets**

Purchased capital assets are recorded at cost less accumulated amortization. The foundation provides for amortization utilizing the declining balance method at the following rates:

Office furniture and equipment	20%
Computer hardware	25%

In the year of acquisition, one-half the normal rate of amortization is taken. Contributed capital assets are recorded at fair market value at the date of contribution.

**DELTA HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

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

**Cash and Cash Equivalents**

Cash consists of cash on deposit with banks and highly liquid short term interest bearing securities with maturities of three months or less.

**Revenue recognition**

Contributions, including public support, bequests and memoriams, corporate and foundations, are recognized when the amount can be reasonably estimated and ultimate collection is reasonably assured.

The foundation follows the restricted fund method in which externally restricted contributions (grants and donations) are recognized in the fund corresponding to the purpose for which they were donated.

Unrestricted contributions are recognized in the general fund.

Contributions for endowment are recognized as revenue in the Endowment Fund.

**Use of estimates**

When preparing financial statements according to ASNPO, the Foundation makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses;
- Reported amounts of assets and liabilities; and
- Disclosure of contingent assets and liabilities.

Management's assumptions are based on a number of factors, including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates were used when accounting for certain items, such as the useful lives of capital assets and impairment of long-lived assets. Investment income and management fees are allocated to the General Fund, Endowment Fund and Hospital Fund, the allocation is estimated based on a prorated return to assets invested for each fund.

**Allocation of expenses**

The Foundation allocates wages and benefits by function. Therefore, staff expenses required to perform community events and donor campaigns throughout the year have been allocated to fundraising based on estimates provided by management.

**Contributed services**

Volunteers contribute numerous hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Comparative figures**

Certain prior year's figures have been reclassified for comparative purposes to conform to current year presentation.



**DELTA HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**3. MARKETABLE SECURITIES**

These securities are administered by RBC Global Asset Management Inc. and are recorded at fair market value. The securities are invested in the following investments:

	<b>2015</b>	<b>2014</b>
<b>Marketable Securities</b>		
PH&N Canadian Money Market Fund Series O	\$ 3,532	\$ 65,577
PH&N CV Bond Fund Series O	-	79,755
PH&N CV Canadian Equity Fund Series O	760,495	588,090
PH&N CV Global Equity Fund Series O	<u>401,053</u>	<u>272,037</u>
	<b>\$ 1,165,080</b>	<b>\$ 1,005,459</b>

**4. TERM DEPOSITS**

Term deposits are held at the Envision Credit Union in both redeemable and non-redeemable institutional deposits for terms varying from 270 days to 60 months. Current interest rates on these investments range from 0.50% to 2.60%

**5. TANGIBLE CAPITAL ASSETS**

	<b>2015</b>			<b>2014</b>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>	
Computer Hardware	\$ 33,620	\$ 22,000	\$ 11,620	\$ 9,746	
Equipment	<u>86,547</u>	<u>36,202</u>	<u>50,345</u>	<u>57,440</u>	
	<b><u>\$ 120,167</u></b>	<b><u>\$ 58,202</u></b>	<b><u>\$ 61,965</u></b>	<b><u>\$ 67,186</u></b>	

**6. ACCOUNTS PAYABLE**

Consists of:

	<b>2015</b>	<b>2014</b>
Trade payables	\$ 20,188	\$ 12,424
Fraser Health Authority	<u>204,634</u>	<u>56,680</u>
	<b><u>\$ 224,822</u></b>	<b><u>\$ 69,104</u></b>

**DELTA HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**7. GENERAL FUND - INTERNALLY RESTRICTED**

Consists of these named funds:

	<b>2015</b>	<b>2014</b>
Cancer Care	\$ <b>220,181</b>	\$ 239,412
Cardio Care	<b>229,961</b>	244,896
Emergency Fund	<b>5,425</b>	2,989
Capital Campaign	<u><b>400,000</b></u>	<u>300,000</u>
	<u><b>\$ 855,567</b></u>	<u>\$ 787,297</u>

**8. ENDOWMENT FUND**

	2014			2015
	<u>Balance</u>	Investment <u>Income</u>	<u>Disbursements</u>	<u>Balance</u>
Delta Cedar Products Education Fund	\$ 257,195	\$ 8,617	\$ (11,477)	<b>254,335</b>
Tyron Fund	261,169	8,950	(8,950)	<b>261,169</b>
Nurses Education Fund	123,552	4,234	-	<b>127,786</b>
R.T. Reynolds Education Fund	<u>20,191</u>	<u>677</u>	<u>(868)</u>	<u><b>20,000</b></u>
	<u><b>\$ 662,107</b></u>	<u>\$ 22,478</u>	<u>\$ (21,295)</u>	<u><b>\$ 663,290</b></u>

**9. HOSPITAL FUND**

Consists of these named funds:

	<b>2015</b>	<b>2014</b>
Capital Campaign*	\$ <b>3,483,045</b>	\$ 2,784,183
Hospital Departments	<b>357,699</b>	320,458
Other	<u><b>28,040</b></u>	<u>27,027</u>
	<u><b>\$ 3,868,784</b></u>	<u>\$ 3,131,668</u>

\*In December 2013, the Charities Directorate department of the Canada Revenue Agency granted permission to the Foundation to accumulate property for the purpose of a Capital Campaign. For the period April 1, 2013 to March 31, 2016 the Foundation is able to accumulate up to \$5 Million.

**DELTA HOSPITAL FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**10. CAPITAL MANAGEMENT**

The Foundations's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide services to the community in the form of supporting the Delta Hospital.

The Foundation sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

**11. FINANCIAL INSTRUMENTS**

The Foundation uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest rate risk, liquidity risk and market risk.

The Association does not use any derivative financial instruments to mitigate these risks.

**Credit risk**

Credit risks arise from: cash and cash equivalents, accounts receivable, term deposits and marketable securities. Cash and cash equivalents are deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. Term deposits are held with a British Columbia Credit Union and are subject to deposit insurance. Marketable securities are invested in funds managed by financial institutions, and we consider the risk of non-performance of these instruments to be remote.

**Interest rate risk**

The Foundation is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income.

**Liquidity risk**

Liquidity risk exposure is dependent on the receipt of funds from donor funds and other sources to enable the Foundation to pay its liabilities as they become due.

**Market risk**

The Foundation is exposed to market risk as the investments in publicly traded securities are subject to fluctuations due to price changes on the market. The prices can also be affected by changes in interest rates and foreign currency exchange rates.

**DELTA HOSPITAL FOUNDATION**  
**SCHEDULE I - DONATION REVENUES**  
**For the year ended March 31, 2015**

	General Fund	Endowment Fund	Gaming Fund	Hospital Fund	Total 2015	Total 2014
<b>Donations</b>						
Annual giving campaign	\$ 362,475	\$ -	\$ 500	\$ 46,410	\$ 409,385	\$ 353,429
Major gift campaign	-	-	-	86,734	86,734	111,364
Grants	91,680	-	10,720	-	102,400	47,433
Planned giving campaign	638,244	-	-	-	638,244	683,130
Capital campaign	-	-	-	501,493	501,493	2,682,727
Family and other campaigns	45,081	-	4,992	130	50,203	101,086
Events						
-Gala	296,853	-	3,941	1,000	301,794	216,800
-Golf tournament	180,435	-	9,195	2,000	191,630	172,290
	1,614,768	-	29,348	637,767	2,281,883	4,368,259

The Accompanying Notes are an Integral part of these Financial Statements

**DELTA HOSPITAL FOUNDATION**  
**SCHEDULE II - ADMINISTRATION, FUNDRAISING, MEDICAL EQUIPMENT AND EDUCATION**  
**BUILDING AND IMPROVEMENTS EXPENDITURES**  
**For the year ended March 31, 2015**

	General Fund	Endowment Fund	Gaming Fund	Hospital Fund	Total 2015	Total 2014
<b>Administration</b>						
Amortization	10,147	-	-	-	10,147	7,887
Audit	9,148	-	-	-	9,148	8,149
Education and conferences	13,920	-	-	-	13,920	14,919
Insurance	2,800	-	-	-	2,800	2,685
Investment management	11,105	-	-	-	11,105	6,056
Legal	504	-	-	-	504	619
Office supplies and maintenance	18,762	-	-	-	18,762	24,459
Operations	42,698	-	38	-	42,736	37,244
Wages and benefits	173,285	8,950	-	-	182,235	217,374
	282,369	8,950	38	-	291,357	319,392
<b>Fundraising</b>						
Annual giving campaign	\$ 100,060	\$ -	\$ -	\$ -	\$ 100,060	\$ 120,242
Block Party	6,444	-	-	-	6,444	6,267
Gala	102,494	-	-	-	102,494	43,275
Golf tournament	48,095	-	2,488	-	50,583	21,726
Major gift campaign	195	-	-	-	195	9,214
Marketing and donor recognition	53,460	-	-	-	53,460	94,644
Planned giving	3,050	-	-	-	3,050	2,571
Wages and benefits	299,185	-	-	-	299,185	327,635
	612,983	-	2,488	-	615,471	625,574

The Accompanying Notes are an Integral part of these Financial Statements

**DELTA HOSPITAL FOUNDATION**  
**SCHEDULE II - ADMINISTRATION, FUNDRAISING, MEDICAL EQUIPMENT AND EDUCATION**  
**BUILDING AND IMPROVEMENTS EXPENDITURES**  
**For the year ended March 31, 2015**

	General Fund	Endowment Fund	Gaming Fund	Hospital Fund	Total 2015	Total 2014
<b>Medical Equipment and Education</b>						
Cardiac Care	\$ 2,924	\$ -	\$ -	\$ -	\$ 2,924	\$ 6,813
Education and scholarships	336	12,345	2,000	700	15,381	22,124
Emergency	80,288	-	9,604	-	89,892	74,863
Medical	167,168	-	15,084	11,662	193,914	2,891
Laboratory	1,381	-	20,749	-	22,130	-
Respiratory care	23,670	-	3,270	-	26,940	-
Residential care	7,396	-	4,922	-	12,318	103,222
Surgical equipment and operating rooms	339	-	52,802	-	53,141	50,962
	283,502	12,345	108,431	12,362	416,640	260,875
<b>Building and Improvements</b>						
Forest for our future	\$ -	\$ -	\$ -	\$ 3,224	\$ 3,224	\$ 3,081
MasterPlan	-	-	-	-	-	(3,038)
	-	-	-	3,224	3,224	43

The Accompanying Notes are an Integral part of these Financial Statements