

Burin Peninsula Health Care Foundation Inc.

Financial statements
March 31, 2018



Independent auditors' report

To the Board of Directors of
Burin Peninsula Health Care Foundation Inc.

We have audited the accompanying financial statements of **Burin Peninsula Health Care Foundation Inc.** [the "Foundation"], which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 auditors consider internal control 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.

Basis for qualified opinion

The Foundation derives revenue from the general public in the form of donations and other fundraising activities, 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 revenue, annual surplus, financial assets and net financial assets as at April 1, 2017, March 31, 2018 and for the year ended March 31, 2018.

We draw attention to note 1 of the financial statements, which describes that the Foundation has not included a comparison of actual versus planned operating results and changes in net financial assets in the financial statements, as a formal budget was not prepared or approved by the Foundation's Board of Directors. The preparation of a budget and the comparison to actual results is required under Canadian public sector accounting standards.



Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of **Burin Peninsula Health Care Foundation Inc.** as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

St. John's, Canada
October 24, 2018

Chartered Professional Accountants



Burin Peninsula Health Care Foundation Inc.

Statement of financial position

As at March 31

	2018	2017
	\$	\$
Assets		
Cash	498,760	444,471
Accounts receivable	1,522	1,522
Total financial assets	<u>500,282</u>	<u>445,993</u>
Liabilities		
Accounts payable and accrued liabilities	1,677	851
Due to Eastern Regional Health Authority [note 3]	197,335	32,524
Accrued vacation pay	20,776	20,439
Employee future benefits		
Accrued severance pay [note 4]	22,194	19,844
Accrued sick leave [note 5]	8,528	8,324
Total liabilities	<u>250,510</u>	<u>81,982</u>
Net financial assets	<u>249,772</u>	<u>364,011</u>
Accumulated surplus	<u>249,772</u>	<u>364,011</u>

See accompanying notes

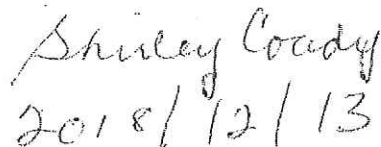
On behalf of the Board:

Director



2018/12/13

Director



2018/12/13

Burin Peninsula Health Care Foundation Inc.

Statement of operations

Year ended March 31

	2018	2017
	\$	\$
Revenue		
Fundraising donations	224,576	162,479
Provincial government donations	35,000	35,000
50/50 lottery	28,739	29,568
Interest	6,722	4,336
Federal government grants	2,937	2,878
Provincial government grants	1,540	1,470
	<u>299,514</u>	<u>235,731</u>
Expenses		
Salaries and administration	80,740	83,732
Fundraising programs	46,506	43,750
Equipment donations <i>[note 6]</i>	283,616	25,113
Accrued vacation pay	337	1,728
Employee future benefits		
Accrued severance pay	2,350	2,221
Accrued sick leave	204	248
	<u>413,753</u>	<u>156,792</u>
Annual surplus (deficit)	(114,239)	78,939
Accumulated surplus, beginning of year	<u>364,011</u>	<u>285,072</u>
Accumulated surplus, end of year	<u>249,772</u>	<u>364,011</u>

See accompanying notes

Burin Peninsula Health Care Foundation Inc.

Statement of changes in net financial assets

Year ended March 31

	2018	2017
	\$	\$
Net financial assets, beginning of year	364,011	285,072
Annual surplus (deficit)	(114,239)	78,939
Net financial assets, end of year	249,772	364,011

See accompanying notes

Burin Peninsula Health Care Foundation Inc.

Statement of cash flows

Year ended March 31

	2018	2017
	\$	\$
Operating activities		
Annual surplus (deficit)	(114,239)	78,939
Add items not affecting cash		
Accrued severance pay	2,350	2,221
Accrued sick leave	204	248
Net change in non-cash working capital balances related to operations <i>[note 7]</i>	165,974	(11,860)
Cash provided by operating activities	54,289	69,548
Net increase in cash during the year	54,289	69,548
Cash, beginning of year	444,471	374,923
Cash, end of year	498,760	444,471

See accompanying notes

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

1. Nature of operations

Burin Peninsula Health Care Foundation Inc. [the "Foundation"] is a not-for-profit organization that raises funds for the Eastern Regional Health Authority [the "Authority"] and was incorporated under the *Corporations Act* of Newfoundland and Labrador. The Foundation is based in Burin, Newfoundland and Labrador, and operates for the purpose of accumulating funds to assist the Authority with the purchase of medical equipment used in the provision of patient care.

The Foundation is a registered charity, and as a not-for-profit organization, the Foundation is exempt from income taxes.

The Foundation does not prepare an annual operating or capital budget. Canadian Public Sector Accounting Standards ["PSAS"], Section PS 1201, *Financial Statement Presentation*, requires the preparation of an annual budget, and a comparison of actual and budgeted financial results of a government entity's management of both its economic and financial resources to provide key accountability information about the government entity's performance in achieving its operational and spending plans. Specifically, PS 1201 requires a comparison of the results for the operating period and the changes in net financial assets (net debt) with those originally planned. The Foundation has not included this comparison in these financial statements as the Foundation does not prepare an annual operating or capital budget; based on the nature of the Foundation's activities, the Board of Directors has not required a formal budget to be prepared and approved.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with PSAS as promulgated by the Chartered Professional Accountants of Canada. The significant accounting policies used in the preparation of these financial statements are as follows:

Adoption of new accounting standards

During the year, the Foundation adopted the new accounting standards PS 2200, *Related Party Disclosures*, and PS 3420 *Inter-entity Transactions*. These new standards are effective for fiscal years beginning on or after April 1, 2017. PS 2200 defines a related party and establishes disclosures required for related party transactions. PS 3420 establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The adoption of these accounting standards will be applied on a prospective basis and did not have any impact on the financial statements.

Revenue recognition

Government grant revenue without eligibility criteria and stipulations restricting its use is recognized as revenue when the transfers are received. Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the Foundation, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled.

Revenue from fundraising is recognized in the accounts of the Foundation in the period in which it is received. Revenue from 50/50 lotto is recognized on a gross basis, with the payout being recognized in expenses.

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

All other revenue is recognized as earned and when collectability is reasonably assured.

Expenses

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed in normal operations and are not for resale.

Cash

Cash includes cash on hand and balances with banks.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Employee future benefits

Accrued severance pay

Employees are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees with nine years of continual service with the Foundation or another public sector employer. Severance is payable when the employee ceases employment with the Foundation or the public sector. The severance benefit liability has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees, which is 13 years.

Accrued sick leave

Employees of the Foundation are entitled to sick leave benefits, which accumulate but do not vest. In accordance with PSAS for post-employment benefits and compensated balances, the Foundation recognizes the liability in the period in which the employee renders service. The liability is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees, which is 13 years.

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

Pension costs

Employees of the Foundation are members of the Public Service Pension Plan and the Government Money Purchase Plan [the "Plans"] administered by the Government of Newfoundland and Labrador. The Plans, which are defined benefit plans, are considered multi-employer plans. Contributions to the Plans are required from both the employees and the Foundation. The annual contribution for pensions by the Foundation is recognized as an expense as incurred and amounted to \$4,813 for the year ended March 31, 2018 [2017 – \$4,813].

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value or [ii] cost or amortized cost. The Foundation determines the classification of its financial instruments at initial recognition.

Cash is recorded at fair value. Other financial instruments, including accounts receivable, accounts payable and accrued liabilities and due to/from government/other government entities are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue, accounting policies for donations in-kind and expenses during the reporting period. Areas requiring the use of management estimates include the assumptions used in the valuation of employee future benefits. Actual results could differ from these estimates.

Contributed services

Volunteers contribute a significant amount of their time each year assisting the Foundation in carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in these financial statements.

3. Due to Eastern Regional Health Authority

The Authority is considered to be a related party of the Foundation as both the Foundation and the Authority are considered to be controlled by the provincial government of Newfoundland and Labrador.

The amount due to Eastern Regional Health Authority includes \$19,868 [2017 – \$27,857] related to payroll and accounts payable services performed by Eastern Regional Health Authority on behalf of the Foundation for which the Foundation reimburses the Authority and \$177,467 [2017 – \$4,667] for equipment purchases made by Eastern Regional Health Authority on behalf of the Foundation.

Transactions between the Foundation and the Authority are measured at their exchange amount, the amount is non-interest bearing and has no set terms of repayment.

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

4. Accrued severance pay

The Foundation provides a severance payment to employees, as stipulated in their conditions of employment, upon retirement, resignation or termination without cause. The most recent actuarial valuation for the accrued severance liability was performed effective March 31, 2015, and an extrapolation of that valuation has been performed to March 31, 2017 and March 31, 2018.

	2018	2017
	\$	\$
Accrued severance liability, beginning of year	19,844	17,623
Benefit expense		
Current service cost	1,586	1,540
Interest cost	752	669
Amortization of actuarial losses and other	12	12
	<u>2,350</u>	<u>2,221</u>
Accrued severance liability, end of year	22,194	19,844

Significant actuarial assumptions used in measuring the accrued severance liability are as follows:

	2018	2017
	%	%
Discount rate	3.70	3.70
Rate of compensation increase	<u>3.75</u>	<u>3.75</u>

Significant actuarial assumptions used in measuring the severance benefit expense are as follows:

	2018	2017
	%	%
Discount rate	3.70	3.70
Rate of compensation increase	<u>3.75</u>	<u>3.75</u>

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

5. Accrued sick leave

The Foundation provides sick leave benefits to employees, which accumulate but do not vest. The most recent actuarial valuation for accrued sick leave was performed effective March 31, 2015, and an extrapolation of that valuation has been performed to March 31, 2017 and March 31, 2018.

	2018	2017
	\$	\$
Accrued sick leave liability, beginning of year	8,324	8,076
Benefit expense		
Current service cost	1,630	1,583
Interest cost	545	560
Amortization of actuarial losses and other	642	642
	<u>2,817</u>	<u>2,785</u>
	11,141	10,861
Benefits paid	<u>(2,613)</u>	<u>(2,537)</u>
Accrued sick leave liability, end of year	<u>8,528</u>	8,324

Significant actuarial assumptions used in measuring the accrued sick leave liability are as follows:

	2018	2017
	%	%
Discount rate	3.70	3.70
Rate of compensation increase	<u>3.75</u>	<u>3.75</u>

Significant actuarial assumptions used in measuring the accrued sick leave benefit expense are as follows:

	2018	2017
	%	%
Discount rate	3.70	3.70
Rate of compensation increase	<u>3.75</u>	<u>3.75</u>

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

6. Equipment donation

	2018	2017
	\$	\$
Burin chemo project	130,124	—
Image management system	25,000	—
Dialysis lift & accessories	23,170	—
Examination Table	11,539	—
Misc/ patient care	9,271	—
Telescopes (2)	9,147	—
Workstations (5)	8,654	—
Resident rooms	7,999	—
Geriatric chair (3)	7,640	—
Cable 12 lead ECG (4)	6,502	—
OR equipment	6,349	—
Pacemaker kit	5,764	—
Microstream infinity kit	5,383	—
Exam light & accessories	4,307	—
Monitor with stand	4,247	—
Stringer crescent style	3,136	—
Shelving, cart, accessories	3,077	—
Examination lights	2,494	—
Examination light	2,361	—
LB weigh scales	2,042	—
Visitor's lounge chair	1,317	—
Pistol grip suction/irrigation (2)	1,293	—
Chair lift	1,064	—
Examination table	1,026	—
Kidney Dialysis Gift	710	—
Residence garden upgrades	—	699
Chemo patient gifts	—	1,200
Hand hygiene	—	6,000
Televisions	—	4,000
Patient recreation items	—	3,700
Transport chair	—	3,200
Patient comfort & care gift	—	6,314
	<u>283,616</u>	<u>25,113</u>

Burin Peninsula Health Care Foundation Inc.

Notes to financial statements

March 31, 2018

7. Statement of cash flows

	2018	2017
	\$	\$
Accounts payable and accrued liabilities	826	(1,231)
Due to/from Eastern Regional Health Authority	164,811	(12,357)
Accrued vacation pay	337	1,728
	<u>165,974</u>	<u>(11,860)</u>

8. Financial instruments and risk management

Financial risk factors

The Foundation has exposure to credit risk and liquidity risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed are outlined below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Foundation's credit risk is primarily attributable to accounts receivable. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2018, the Foundation had cash of \$498,760 [2017 – \$444,471] and continues to be in a position to meet its obligations.

To the extent that the Foundation does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party financing or other fundraising methods, assuming these can be obtained.