

St. Mary's Hospital, Camrose Foundation

Financial Statements
March 31, 2017



June 13, 2017

Independent Auditor's Report

To the Board of Directors of St. Mary's Hospital, Camrose Foundation

We have audited the accompanying financial statements of St. Mary's Hospital, Camrose Foundation, which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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

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 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

PricewaterhouseCoopers LLP
TD Tower, 10088 102 Avenue NW, Suite 1501, Edmonton, Alberta, Canada T5J 3N5
T: +1 780 441 6700, F: +1 780 441 6776



Basis for qualified opinion

In common with many not-for-profit organizations, St. Mary's Hospital, Camrose Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of St. Mary's Hospital, Camrose Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenues over expenses for the year ended March 31, 2017, current assets as at March 31, 2017 and net assets as at the beginning and the end of the year ended March 31, 2017. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2016 was modified because of the possible effects of a similar limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of St. Mary's Hospital, Camrose Foundation as at March 31, 2017 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.

Other matter

The financial statements of St. Mary's Hospital, Camrose Foundation for the year ended March 31, 2016 (prior to the restatement to the comparative information described in note 7 to the financial statements) were audited by another auditor who expressed a qualified opinion on those financial statements on June 7, 2016 for the reasons described in the basis for qualified opinion paragraph. As part of our audit of the 2017 financial statements, we also audited the adjustment described in note 7 that was applied to amend the 2016 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2016 financial statements of St. Mary's Hospital, Camrose Foundation other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements taken as a whole.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

St. Mary's Hospital, Camrose Foundation

Statement of Financial Position

As at March 31, 2017

	2017 \$	2016 \$ (restated – note 7)
Assets		
Current assets		
Cash	398,402	359,169
Goods and services tax recoverable	1,639	1,569
Prepaid expenses	1,240	1,397
	<hr/>	<hr/>
	401,281	362,135
Investments (note 3)	<hr/>	<hr/>
	4,791,195	4,466,750
	<hr/>	<hr/>
	5,192,476	4,828,885
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	8,500	9,020
Due to related party (note 4)	71,418	72,096
	<hr/>	<hr/>
	79,918	81,116
Net Assets		
Externally restricted (note 5)	2,193,348	2,124,246
Unrestricted	2,919,210	2,623,523
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	5,112,558	4,747,769
	<hr/>	<hr/>
	5,192,476	4,828,885
Commitments (note 6)		

Approved by the Board of Directors

Director

Director

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

St. Mary's Hospital, Camrose Foundation

Statement of Operations For the year ended March 31, 2017

		2017	2016
	Unrestricted fund \$	Donor restricted funds \$	Total \$
Revenues			
Donations	32,695	82,062	114,757
Grants	2,480	35,302	37,782
Investment income	129,591	-	129,591
Realized gains on sale of investments	53,542	-	53,542
Unrealized gains (losses) on investments	162,069	-	162,069
	380,377	117,364	497,741
Expenses			
Grants to Covenant Health (St. Mary's Hospital, Camrose)	-	48,262	48,262
Grants – other	-	-	4,420
Audit fees	12,395	-	12,395
Computer support	2,017	-	2,017
Foundation scholarships	1,300	-	1,300
Investment management fees	42,332	-	42,332
Office	104	-	104
Salaries and benefits	26,542	-	26,542
	84,690	48,262	132,952
Excess (deficiency) of revenues over expenses for the year	295,687	69,102	364,789
			(66,003)

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

St. Mary's Hospital, Camrose Foundation

Statement of Changes in Net Assets

For the year ended March 31, 2017

				2017	2016
	Unrestricted fund \$	Capital fund \$	Other donor restricted funds \$	Total \$	Total \$
Net assets – Beginning of year					
As previously stated	2,551,991	1,986,330	209,448	4,747,769	4,813,772
Prior period adjustment (note 7)	71,532	-	(71,532)	-	-
Net assets – Beginning of year as restated	2,623,523	1,986,330	137,916	4,747,769	4,813,772
Excess (deficiency) of revenues over expenses for the year	295,687	(24,539)	93,641	364,789	(66,003)
Net assets – End of year	2,919,210	1,961,791	231,557	5,112,558	4,747,769

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

St. Mary's Hospital, Camrose Foundation

Statement of Cash Flows

For the year ended March 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	364,789	(66,003)
Item not affecting cash		
Unrealized (gains) losses on investments	(162,069)	175,232
Net changes in non-cash working capital items		
Accounts receivable	(70)	(1,320)
Prepaid expenses	157	(1,397)
Accounts payable and accrued liabilities	(520)	(2,980)
Due to related party	(678)	(95,291)
	<hr/>	<hr/>
	201,609	8,241
Investing activities		
Purchase of investments	(1,586,007)	(3,347,370)
Sale of investments	<hr/>	<hr/>
	1,423,631	2,401,096
	<hr/>	<hr/>
	(162,376)	(946,274)
Increase (decrease) in cash during the year	39,233	(938,033)
Cash – Beginning of year	<hr/>	<hr/>
	359,169	1,297,202
Cash – End of year	<hr/>	<hr/>
	398,402	359,169

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

St. Mary's Hospital, Camrose Foundation

Notes to Financial Statements

March 31, 2017

1 Authority and purpose of the organization

St. Mary's Hospital, Camrose Foundation (the Foundation) is incorporated under the Hospitals Act.

The Foundation is a registered charitable organization, which functions as the official fundraising arm of St. Mary's Hospital, Camrose. This facility is included in the operations of Covenant Health. Covenant Health is an operator of voluntary health facilities and programs in the Province of Alberta.

The Foundation is governed by an appointed Board of Directors. Its principal purpose is to receive gifts and raise funds to provide grants to Covenant Health (St. Mary's Hospital, Camrose). The Foundation supports capital equipment, programs, projects and services related to acute and continuing care, which go beyond publicly funded health-care programs and services. Grants to Covenant Health must support the values of Covenant Health, centres of excellence and innovation.

The Foundation is exempt from payment of income taxes. Under the terms of the Income Tax Act, the Foundation is required to annually disburse amounts of at least 3.5% of the value of its assets that are not used directly in its charitable programs or their administration. Failure to meet the minimum level of the required disbursements during the year may result in the revocation of the Foundation's charitable status.

2 Summary of significant accounting policies

Basis of presentation

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Following are the significant accounting policies:

Fund accounting

Assets, liabilities, revenues and expenses related to program delivery and administrative activities are reported in the unrestricted fund. This fund reports unrestricted resources and restricted operating grants.

Resources which have been designated for specific purposes by outside donors are reported in the Externally Restricted Fund.

Revenue recognition

The Foundation follows the restricted fund method in which externally restricted contributions (grants and donations) are recognized as received in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized in the General Fund.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits with financial institutions.

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Notes to Financial Statements

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Contributed goods and services

Contributed materials and services are recorded at fair value when they would have otherwise been purchased and when a fair value can be reasonably estimated.

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

Financial instruments

Financial instruments consist of cash, accounts receivable, investments, due to related party and accounts payable and accrued liabilities and are initially recorded at fair value. Investments are subsequently measured at fair value with changes in fair value recorded in the statement of operations. All other financial instruments are subsequently recorded at amortized cost.

The initial fair value of financial instruments, other than those subsequently measured at fair value, is adjusted for financing fees or transaction costs directly attributable to the origination of the instrument. The Foundation accounts for the purchase and sale of investments using settlement date accounting.

3 Investments

	2017	2016
	\$	\$
Fixed income (bonds, debentures, insured mortgages) quoted in an active market	2,970,696	2,908,225
Canadian equities quoted in an active market	1,820,499	1,558,525
	<hr/>	<hr/>
	4,791,195	4,466,750

The fixed income securities mature between January 2019 and June 2037 and bear interest between 1.35% and 5.85%.

Publicly traded equities in the funds are managed with the objective of providing optimal returns while maintaining maximum security of capital.

4 Related party transactions and balance

Covenant Health (St. Mary's Hospital, Camrose) is a related party by virtue of the fact that Covenant Health holds the responsibility of appointing the Board of Directors of Covenant Foundation. Covenant Foundation holds the responsibility of appointing the Board of Directors of the St. Mary's Hospital, Camrose Foundation. As at March 31, 2017, \$71,418 (2016 – \$72,096) is due to Covenant Health (St. Mary's Hospital, Camrose) for salaries and employee benefits and grants payable to the facility. During the year, the Foundation granted \$48,262 (2016 – \$145,458) to Covenant Health (St. Mary's Hospital, Camrose) and incurred salaries and employee benefits of \$26,542 (2016 – \$23,234) from Covenant Health. In addition, Covenant Health (St. Mary's

St. Mary's Hospital, Camrose Foundation

Notes to Financial Statements

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Hospital, Camrose) granted the Foundation \$25,000 (2016 – \$nil) in support of Orthopaedic Education. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount agreed on by the related parties.

Covenant Health also provides office space, financial management support, computer hardware, network security support and services and legal services to the Foundation for \$nil consideration.

5 Externally restricted funds

Donors to the Foundation have restricted funds for specific purposes. Externally restricted fund balances are as follows:

	Externally restricted funds – Beginning of year \$	Restricted funds received \$	Restricted funds expensed \$	Externally restricted funds – End of year \$
Capital fund				
Capital	1,986,330	595	(25,134)	1,961,791
Other donor restricted funds				
Palliative Care Fund – SMH	68,568	25,712	(1,059)	93,221
Chapel	3,170	970	(172)	3,968
Heart & Stroke Clinic	8,959	7,344	(3,401)	12,902
Cancer Clinic	14,988	2,945	(464)	17,469
Unit 5 (Surgical)	13,800	-	-	13,800
Unit 4 (Labour and Delivery)	17,174	30	-	17,204
Unit 4 (Breast Pump & Stand)	-	2,650	-	2,650
Unit 2	-	395	-	395
Unit 2 (Medical)	1,000	-	-	1,000
Unit 2 (Capital)	-	60	-	60
Unit 2 (Palliative Care)	-	5,380	-	5,380
Unit 2 (Shower Chair)	-	12,090	-	12,090
Unit 3 (Psych)	40	125	-	165
Unit 1	-	100	-	100
OT/RT	670	20	-	690
Orthopedic Education Fund	4,547	50,000	(13,833)	40,714
Construction – Labour room	5,000	-	-	5,000
Mobility Equipment	-	1,000	-	1,000
ER Redevelopment	-	50	-	50
X-Ray Blanket Warmer	-	5,242	(4,199)	1,043
OR (General Surgery)	-	500	-	500
OR (Controller Sequential Compression 700)	-	2,156	-	2,156
	137,916	116,769	(23,128)	231,557
	2,124,246	117,364	(48,262)	2,193,348

St. Mary's Hospital, Camrose Foundation

Notes to Financial Statements

March 31, 2017

6 Commitments

As at March 31, 2017, the Foundation has committed \$1,148,604 (2016 – \$1,067,942) to Covenant Health (St. Mary's Hospital, Camrose) to be disbursed in fiscal 2017/2018.

7 Prior period adjustment

During fiscal 2017, the Foundation determined that externally restricted funds designated to St. Mary's Hospital, Camrose were overstated by \$71,532 as at March 31, 2016. These funds were determined to be undesignated funds, and the balance was transferred to the unrestricted fund.

8 Comparative figures

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

9 Fundraising

The Foundation is required to provide additional information to comply with the disclosure requirements of the Charitable Fund-raising Act and Regulation. In the current year, \$10,617 (2016 – \$9,294) was paid to employees whose principal duties involve fundraising.