

Financial Statements of

**PEACE ARCH HOSPITAL AND  
COMMUNITY HEALTH FOUNDATION**

For the years ended March 31, 2013 and 2012



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## INDEPENDENT AUDITORS' REPORT

To the Directors of Peace Arch Hospital and Community Health Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of Peace Arch Hospital and Community Health Foundation, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 our 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, we 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.

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



#### *Basis for Qualified Opinion*

In common with many charitable organizations, the entity derives revenue from cash donations, 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 of the entity and we were not able to determine whether any adjustments might be necessary to contributions, excess (deficiency) of revenue over expenses, current assets and net assets.

#### *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 Peace Arch Hospital and Community Health Foundation as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

#### **Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Accountants

May 30, 2013

Burnaby, Canada

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

## Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (note 3)	\$ 1,431,943	\$ 1,938,826	\$ 1,801,376
Restricted cash and cash equivalents (notes 3 and 4)	988,715	1,021,080	1,094,961
Restricted marketable securities (notes 3 and 4)	4,427,974	549,222	1,048,471
Marketable securities (note 3)	9,387,927	10,557,432	10,133,545
Accounts receivable (note 5)	3,078,172	275,414	95,553
Prepaid expenses	7,162	6,505	64,546
	19,321,893	14,348,479	14,238,452
Restricted long-term investments (notes 3 and 4)	6,890,981	5,489,444	4,625,795
Capital assets (note 6)	7,787,252	7,841,218	7,918,429
Cash surrender value of life insurance	71,580	62,339	53,316
	\$ 34,071,706	\$ 27,741,480	\$ 26,835,992

## Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities (note 7)	\$ 92,371	\$ 536,635	\$ 848,016
Due to Fraser Health Authority:			
Operating expenses	135,257	76,935	-
Peace Arch Hospital contributions	254,920	354,478	708,656
Deferred revenue	76,474	127,020	87,020
	559,022	1,095,068	1,643,692
Net assets:			
Unrestricted	13,417,762	11,745,448	10,504,644
Internally restricted	377,057	226,090	188,788
Externally restricted	11,035,698	5,931,950	5,686,393
Invested in capital assets (note 8)	7,787,252	7,841,218	7,918,429
Endowment	894,915	901,706	894,046
	33,512,684	26,646,412	25,192,300
Commitments and contingencies (note 10)			
	\$ 34,071,706	\$ 27,741,480	\$ 26,835,992

See accompanying notes to financial statements.

Approved on behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Statements of Operations

Year ended March 31, 2013

Year ended March 31, 2013	Unrestricted	Restricted Funds			Endowment	Total	
		Internally restricted	Externally restricted	Capital assets			
<b>Revenue:</b>							
Donations	\$ 1,250,800	\$ -	\$ 2,401,384	\$ -	\$ 2,401,384	\$ 650	\$ 3,652,834
Government grant - Ministry of Health	-	-	3,000,000	-	3,000,000	-	3,000,000
Special events	35,451	-	668,381	-	668,381	-	703,832
Other rental income	117,820	-	-	-	-	-	117,820
Ancillary parking	348,926	-	-	-	-	-	348,926
Investment income and gain on sale of investments	714,216	-	52,922	-	52,922	13,084	780,222
Fair value adjustment on investments	975,591	-	-	-	-	-	975,591
	3,442,804	-	6,122,687	-	6,122,687	13,734	9,579,225
<b>Expenses:</b>							
Fundraising	215,301	-	358,761	-	358,761	-	574,062
Ancillary	11,310	-	-	-	-	-	11,310
Salaries, wages and benefits	1,086,247	-	-	-	-	-	1,086,247
Office and administration	244,036	-	614	-	614	-	244,650
Amortization of capital assets	-	-	-	71,977	71,977	-	71,977
	1,556,894	-	359,375	71,977	431,352	-	1,988,246
Excess (deficiency) of revenue over expenses before the following:	1,885,910	-	5,763,312	(71,977)	5,691,335	13,734	7,590,979
Community grants	-	19,938	7,207	-	27,145	-	27,145
Contributions to Peace Arch Hospital	33,000	16,161	687,206	-	703,367	11,118	747,485
Contributions from City of White Rock	-	-	(49,923)	-	(49,923)	-	(49,923)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 1,852,910</b>	<b>\$ (36,099)</b>	<b>\$ 5,118,822</b>	<b>\$ (71,977)</b>	<b>\$ 5,010,746</b>	<b>\$ 2,616</b>	<b>\$ 6,866,272</b>

See accompanying notes to financial statements.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Statements of Operations (continued)

Year ended March 31, 2012

Year ended March 31, 2012	Unrestricted	Restricted Funds			Total restricted	Endowment	Total
		Internally restricted	Externally restricted	Capital assets			
<b>Revenue:</b>							
Donations	\$ 1,659,667	\$ -	\$ 1,968,034	\$ -	\$ 1,968,034	\$ 365	\$ 3,628,066
Special events	538,931	-	38,081	-	38,081	-	577,012
<b>Gaming</b>							
Win'Fall Lottery	-	-	4,005,400	-	4,005,400	-	4,005,400
Raffle	-	-	10,810	-	10,810	-	10,810
Other rental income	114,854	-	-	-	-	-	114,854
Ancillary parking	362,380	-	-	-	-	-	362,380
Investment income and gain on sale of investments	342,372	-	(45,789)	-	(45,789)	15,220	311,803
Fair value adjustment on investments	194,842	-	-	-	-	-	194,842
	3,213,046	-	5,976,536	-	5,976,536	15,585	9,205,167
<b>Expenses:</b>							
Fundraising	561,378	-	-	-	-	-	561,378
Gaming	-	-	4,762,325	-	4,762,325	-	4,762,325
Ancillary	70,039	-	-	-	-	-	70,039
Salaries, wages and benefits	900,852	-	-	-	-	-	900,852
Office and administration	360,849	-	770	-	770	-	361,619
Amortization of capital assets	-	-	-	98,495	98,495	-	98,495
	1,893,118	-	4,763,095	98,495	4,861,590	-	6,754,708
Excess (deficiency) of revenue over expenses before the following:	1,319,928	-	1,213,441	(98,495)	1,114,946	15,585	2,450,459
Community grants	-	22,121	5,344	-	27,465	3,000	30,465
Contributions to Peace Arch Hospital	-	14,895	608,075	-	622,970	4,925	627,895
Contributions to City of White Rock	-	-	337,987	-	337,987	-	337,987
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 1,319,928</b>	<b>\$ (37,016)</b>	<b>\$ 262,035</b>	<b>\$ (98,495)</b>	<b>\$ 126,524</b>	<b>\$ 7,660</b>	<b>\$ 1,454,112</b>

See accompanying notes to financial statements.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

## Statements of Changes in Net Assets

Years ended March 31, 2013 and 2012

	Restricted Funds						Total
	Unrestricted	Internally restricted	Externally restricted	Invested in capital assets	Total restricted	Endowment	
Net assets, April 1, 2012	\$ 11,745,448	\$ 226,090	\$ 5,931,950	\$ 7,841,218	\$ 13,999,258	\$ 901,706	\$ 26,646,412
Excess (deficiency) of revenue over expenses	1,852,910	(36,099)	5,118,822	(71,977)	5,010,746	2,616	6,866,272
Net change in invested in capital assets (note 8)	(18,011)	-	-	18,011	18,011	-	-
Fund transfers during the year	(162,585)	187,066	(15,074)	-	171,992	(9,407)	-
<b>Net assets, March 31, 2013</b>	<b>\$ 13,417,762</b>	<b>\$ 377,057</b>	<b>\$ 11,035,698</b>	<b>\$ 7,787,252</b>	<b>\$ 19,200,007</b>	<b>\$ 894,915</b>	<b>\$ 33,512,684</b>

	Restricted Funds						Total
	Unrestricted	Internally restricted	Externally restricted	Invested in capital assets	Total restricted	Endowment	
Net assets, April 1, 2011	\$ 10,504,644	\$ 188,788	\$ 5,686,393	\$ 7,918,429	\$ 13,793,610	\$ 894,046	\$ 25,192,300
Excess (deficiency) of revenue over expenses	1,319,928	(37,016)	262,035	(98,495)	126,524	7,660	1,454,112
Net change in invested in capital assets (note 8)	(21,284)	-	-	21,284	21,284	-	-
Fund transfers during the year	(57,840)	74,318	(16,478)	-	57,840	-	-
<b>Net assets, March 31, 2012</b>	<b>\$ 11,745,448</b>	<b>\$ 226,090</b>	<b>\$ 5,931,950</b>	<b>\$ 7,841,218</b>	<b>\$ 13,999,258</b>	<b>\$ 901,706</b>	<b>\$ 26,646,412</b>

See accompanying notes to financial statements.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 6,866,272	\$ 1,454,112
Items not involving cash:		
Amortization of capital assets	71,977	98,495
Change in market value of investments	(975,591)	(194,842)
Loss (gain) on sale of investments	(141,936)	285,093
Increase in cash surrender value of life insurance	(9,241)	(9,023)
Change in non-cash operating working capital:		
Accounts receivable	(2,802,758)	(179,861)
Accrued dividends and interest	(13,324)	11,234
Prepaid expenses	(657)	58,041
Accounts payable and accrued liabilities and due to Fraser Health Authority	(485,500)	(588,624)
Deferred revenue	(50,546)	40,000
	<u>2,458,696</u>	<u>974,625</u>
Investing:		
Decrease in restricted cash and cash equivalents	32,365	73,881
Proceeds from sale of marketable securities and long-term investments	11,305,615	14,678,401
Purchase of marketable securities and long-term investments	(14,285,548)	(15,568,173)
Purchase of capital assets	(18,011)	(21,284)
	<u>(2,965,579)</u>	<u>(837,175)</u>
Increase (decrease) in cash and cash equivalents	(506,883)	137,450
Cash and cash equivalents, beginning of year	1,938,826	1,801,376
Cash and cash equivalents, end of year	<u>\$ 1,431,943</u>	<u>\$ 1,938,826</u>

See accompanying notes to financial statements.



# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

## Notes to Financial Statements

Years ended March 31, 2013 and 2012

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### 1. Operations:

Peace Arch Hospital and Community Health Foundation (the "Foundation") is incorporated under the Society Act (British Columbia). Its principal purpose is to raise money to enhance quality health care in the community of South Surrey/White Rock. The Foundation is a registered charity under the Income Tax Act (the "Act") and accordingly is exempt from income taxes, provided certain requirements of the Act are met.

On April 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations (the "Not-for-Profit Standards", Part III of the Canadian Institute of Chartered Accountants (CICA) Handbook). These are the first financial statements prepared in accordance with Not-for-Profit Standards.

In accordance with the transitional provisions in Not-for-Profit Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Not-for-Profit Standards.

There was no impact of the transition to Not-for-Profit Standards on the Foundation's net assets as at April 1, 2011 or on the Foundation's excess of revenue over expenses for the year ended March 31, 2012. There were no changes to aggregate cash flow from operations or investing for the year ended March 31, 2012 as a result of the transition to Not-for-Profit Standards.

### 2. Significant accounting policies:

#### (a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

#### (b) Fund accounting:

The Foundation follows fund accounting, giving recognition to restrictions on the use of resources specified by donors. The fund classifications are as follows:

##### (i) Externally restricted fund:

The externally restricted fund includes donations and other funding received by the Foundation which has been designated for specific purposes by the donor, grantor, or the gaming authority.

##### (ii) Internally restricted fund:

The internally restricted fund includes amounts designated for specific purposes by the Board of Directors.

##### (iii) Capital assets fund:

The capital assets fund includes capital assets purchased by the Foundation.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 2. Significant accounting policies (continued):

### (b) Fund accounting (continued):

#### (iv) Unrestricted fund:

The unrestricted fund includes unrestricted revenue and donations received by the Foundation.

#### (v) Endowment fund:

The endowment fund includes six endowments. The annual investment income earned from these endowments is used for specific purposes as follows: the support of annual patient care equipment; the upkeep of specific equipment; educational purposes; the enhancement of medical staff recruitment to the White Rock/South Surrey area; and support the area of the greatest need at Peace Arch Hospital as determined by the Board of Directors.

### (c) Cash and cash equivalents:

Cash and cash equivalents include investments with a term to maturity of three months or less at the date of purchase.

### (d) Restricted cash, marketable securities and long-term investments:

Restricted cash, marketable securities and long-term investments are funds held for use on specific purposes restricted by donors.

Fixed income investments maturing within one year of the statement of financial position date and equity securities are classified as marketable securities. Fixed income investments maturing after one year are classified as long-term investments.

### (e) Gaming Operations - Win'Fall Lottery:

The Win'Fall Lottery is carried out by the Foundation and the relevant revenue and expense are shown on a gross basis in the statement of operations.

### (f) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis using the following number of years:

Assets	Years
Parking lots	20
Office renovations	3
Office equipment	5
Computer hardware & software	3
Website development	3

Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Foundation's ability to provide services, it is reviewed for impairment and its carrying amount is written down to its residual value.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 2. Significant accounting policies (continued):

### (g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity 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. The Foundation elected to carry all investments at fair value.

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 and financing costs, which are amortized using the straight-line method.

### (h) Cash surrender value of life insurance:

The Foundation is the owner and beneficiary of various life insurance policies. These policies are recorded at the estimated fair value, being the cash surrender value. The premiums are allocated between insurance costs and income earned. The premiums are paid either by the donors of the policies or by the Foundation out of monies donated to it for that purpose. The proceeds of these policies are recognized as revenue when received.

### (i) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions which include donations and funds raised through special events and lotteries. Donations are recorded in the appropriate fund when received.

### (j) Contributed materials and services:

Contributed materials are recorded at their fair market values where the amount is reasonably determinable.

Fraser Health Authority provides office space for the Foundation at no charge.

A substantial number of volunteers contribute a significant amount of time to the Foundation each year. Because of the difficulty in determining their fair values, these contributed services are not recognized in the financial statements.

### (k) Employee future benefits:

The Foundation and its employees contribute to the Municipal Pension Plan. Defined contribution plan accounting is applied to the multi-employer defined benefit plan and, accordingly, contributions are expensed when paid or payable.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 2. Significant accounting policies (continued):

### (l) General and administration expenses:

All expenses related to general management, marketing and administrative activities, are expensed in the period in which they are incurred. General and administration expenses are included in the unrestricted fund and are not allocated to the other funds.

### (m) Use of estimates:

The preparation of financial statements 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. Significant areas requiring the use of management estimates relate to fair value of financial instruments, valuation of accounts receivable, useful lives for amortization of capital assets and provisions for accrued liabilities and contingencies. Actual results may ultimately differ from these estimates.

## 3. Investments:

The aggregate market value of the Foundation's cash and cash equivalents, restricted cash and cash equivalents, restricted marketable securities, marketable securities and restricted long-term investments consists of:

	March 31, 2013	March 31, 2012	April 1, 2011
Cash and cash equivalents	\$ 2,420,658	\$ 4,115,053	\$ 3,654,614
Fixed income securities	13,815,901	6,236,616	6,831,521
Common stock and equivalents	6,890,981	9,204,335	8,218,013
	<u>\$ 23,127,540</u>	<u>\$ 19,556,004</u>	<u>\$ 18,704,148</u>

The amounts are allocated to the statements of financial position as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Cash and cash equivalents	\$ 1,431,943	\$ 1,938,826	\$ 1,801,376
Restricted cash and cash equivalents	988,715	1,021,080	1,094,961
Restricted marketable securities	4,427,974	549,222	1,048,471
Marketable securities	9,387,927	10,557,432	10,133,545
Restricted long-term investments	6,890,981	5,489,444	4,625,795
	<u>\$ 23,127,540</u>	<u>\$ 19,556,004</u>	<u>\$ 18,704,148</u>

The Foundation's long-term investments are comprised of fixed income securities. These fixed income securities not expected to mature in the next fiscal year are classified as long-term investments.

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 4. Restricted amounts:

Restricted cash, marketable securities and long-term investments provide for the balances in the externally restricted fund, internally restricted fund and endowment fund.

	March 31, 2013	March 31, 2012	April 1, 2011
<b>Restricted funds available:</b>			
Cash and cash equivalents	\$ 988,715	\$ 1,021,080	\$ 1,094,961
Marketable securities	4,427,974	549,222	1,048,471
Long-term investments	6,890,981	5,489,444	4,625,795
	<u>\$ 12,307,670</u>	<u>\$ 7,059,746</u>	<u>\$ 6,769,227</u>
<b>Restricted funds required:</b>			
Internally restricted funds	\$ 377,057	\$ 226,090	\$ 188,788
Externally restricted funds	11,035,698	5,931,950	5,686,393
Endowment	894,915	901,706	894,046
	<u>\$ 12,307,670</u>	<u>\$ 7,059,746</u>	<u>\$ 6,769,227</u>

## 5. Accounts receivable:

As at March 31, 2013, there is no allowance for doubtful accounts (March 31, 2012 - nil; April 1, 2011 - nil).

As at March 31, 2013, there was \$3,000,000 receivable from the Ministry of Health. The Ministry provided the grant for expanding the space and services at Peace Arch Hospital including a new site for the existing hospice residence beds.

## 6. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Parking lots	\$ 7,821,998	\$ 61,757	\$ 7,760,241
Office renovations	113,032	113,032	-
Office equipment	53,053	38,018	15,035
Computer hardware and software	69,615	67,835	1,780
Website development	15,375	15,375	-
Software	14,682	4,486	10,196
	<u>\$ 8,087,755</u>	<u>\$ 300,503</u>	<u>\$ 7,787,252</u>

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

## 6. Capital assets (continued):

March 31, 2012	Cost	Accumulated amortization	Net book value
Parking lots	\$ 7,821,998	\$ 34,230	\$ 7,787,768
Office renovations	113,032	84,568	28,464
Office equipment	52,393	27,407	24,986
Computer hardware and software	66,946	66,946	-
Website development	15,375	15,375	-
	<b>\$ 8,069,744</b>	<b>\$ 228,526</b>	<b>\$ 7,841,218</b>

April 1, 2011	Cost	Accumulated amortization	Net book value
Parking lots	\$ 7,821,997	\$ 6,703	\$ 7,815,294
Office renovations	113,032	46,890	66,142
Office equipment	38,379	17,487	20,892
Computer hardware and software	59,676	48,700	10,976
Website development	15,375	10,250	5,125
	<b>\$ 8,048,459</b>	<b>\$ 130,030</b>	<b>\$ 7,918,429</b>

## 7. Accounts payable and accrued liabilities:

There are no government remittances payable included in accounts payable and accrued liabilities (March 31, 2012 - nil; April 1, 2011 - nil).

## 8. Invested in capital assets:

Change in net assets invested in capital assets is comprised of the following:

	2013	2012
Excess of expenses over revenue:		
Amortization of capital assets	\$ (71,977)	\$ (98,495)
Net change in invested in capital assets:		
Purchase of capital assets	18,011	21,284
	<b>\$ (53,966)</b>	<b>\$ (77,211)</b>

# PEACE ARCH HOSPITAL AND COMMUNITY HEALTH FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

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## 9. Employee pension benefits:

The Foundation and its employees contribute to the Municipal Pension Plan, a multi-employer defined benefit pension plan governed by the *BC Public Sector Pension Plans Act*. Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent actuarial valuation for the plan at December 31, 2009 indicated an unfunded liability of approximately \$1,024.0 million. The plan covers approximately 173,000 active members, of which approximately 14 are employees of the Foundation. No obligation is accrued in the financial statements and future premiums will be adjusted to address any unfunded obligation.

## 10. Commitments and contingencies:

### (a) Emergency department:

The Foundation is planning to assist in the funding of the costs required to expand and upgrade the Emergency department at the Peace Arch Hospital.

### (b) The Foundation has issued a letter of guarantee to the City of Surrey for \$50,000 relating to the parking lot redevelopment.

## 11. Financial instruments:

The Foundation has investments in bonds, equities and mutual funds and, as such, is subject to risks arising from the credit worthiness and the liquidity of the underlying assets and general interest rate fluctuations.

## 12. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

### **Interim Note Disclosure**

For added transparency, the Finance Committee of the Peace Arch Hospital and Community Health Foundation has agreed to add the following note disclosure to the audited financial statements. This note will identify expenditures where a member of the Board of Directors has an association (owner, partner or senior manager) with the organization. All members of the board are required to declare any real or perceived conflict of interest and abstain from voting on any matter that would involve an organization that they associated.

The note will be included in the 2013-14 audited statements; this is the note that would have been included in the 2012-13 statements.

*During the 2012-13 year, the Foundation incurred general & estate legal fees and consulting fees on a proposed residential care facility project (previous year general & estate legal fees) with parties with which certain members of its Board of Directors are associated. Transactions involving the Foundation and these parties totaled \$53,766 (previous year - \$352). These transactions are considered to be in the normal course of business and are measured at or below fair value.*