

Lions Gate Hospital Foundation

Financial Statements

June 30, 2019



Independent auditor's report

To the Members of Lions Gate Hospital Foundation

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lions Gate Hospital Foundation (the Foundation) as at June 30, 2019 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.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at June 30, 2019;
 - the statement of revenue, expenses and distributions, and fund balances for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
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Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
September 19, 2019

Lions Gate Hospital Foundation
Statement of Financial Position

	June 30, 2019	June 30, 2018
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,427,640	4,406,952
Interest and other receivables	1,227,904	383,472
Short-term investments	10,000,000	34,579,438
Prepaid expenses	15,644	15,002
	<u>12,671,188</u>	<u>39,384,864</u>
Long-term investments	63,086,030	10,000,000
Endowment Fund investments (note 4)	40,128,115	44,685,290
Investment in property (note 5)	<u>555,974</u>	<u>555,974</u>
	<u>116,441,307</u>	<u>94,626,128</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7(b))	<u>1,153,414</u>	<u>1,720,434</u>
	1,153,414	1,720,434
Retiring allowance	<u>103,273</u>	<u>72,042</u>
	<u>1,256,687</u>	<u>1,792,476</u>
Fund balances		
Unrestricted		
General Fund	<u>1,594,773</u>	<u>2,245,110</u>
Restricted		
Specific Purpose Funds (note 8)	72,905,758	45,347,278
Endowment Fund (note 4)	40,128,115	44,685,290
Property Fund (note 5)	555,974	555,974
	<u>113,589,847</u>	<u>90,588,542</u>
	<u>115,184,620</u>	<u>92,833,652</u>
	<u>116,441,307</u>	<u>94,626,128</u>
Artwork collection (note 6)		
Commitments (note 14)		

Approved by the Board of Directors

 Director
  Director

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

Lions Gate Hospital Foundation

Statement of Revenue, Expenses and Distributions, and Fund Balances

	Year ended June 30, 2019					Year ended June 30, 2018				
	General	Specific Purpose	Endowment	Property	Total	General	Specific Purpose	Endowment	Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	2,245,110	45,347,278	44,685,290	555,974	92,833,652	2,295,108	34,785,724	40,775,817	555,974	78,412,623
Revenue										
Fundraising - Donations	190,429	20,847,765	774,999	-	21,813,193	194,388	16,092,614	-	-	16,287,002
Fundraising - Special Events	981	2,636,830	-	-	2,637,811	240	2,541,747	-	-	2,541,987
Investment Income	1,493,571	26,221	1,445,794	-	2,965,586	557,110	127,416	1,281,547	-	1,966,073
Estate Gifts	1,099,681	1,163,809	-	-	2,263,490	2,050,109	544,644	-	-	2,594,753
Other	138,240	-	-	-	138,240	118,485	-	-	-	118,485
	<u>2,922,902</u>	<u>24,674,625</u>	<u>2,220,793</u>	<u>-</u>	<u>29,818,320</u>	<u>2,920,332</u>	<u>19,306,421</u>	<u>1,281,547</u>	<u>-</u>	<u>23,508,300</u>
Expenses and distributions										
Distributions (notes 7 and 8)	34,986	6,096,442	-	-	6,131,428	54,813	8,548,339	-	-	8,603,152
Administrative expenses (note 10)	1,606,052	-	-	-	1,606,052	1,402,366	-	-	-	1,402,366
Fundraising expenses (note 11)	505,798	194,919	-	-	700,717	415,533	158,547	-	-	574,080
Investment management fees	-	-	246,704	-	246,704	-	-	233,725	-	233,725
	<u>2,146,836</u>	<u>6,291,361</u>	<u>246,704</u>	<u>-</u>	<u>8,684,901</u>	<u>1,872,712</u>	<u>8,706,886</u>	<u>233,725</u>	<u>-</u>	<u>10,813,323</u>
Excess of revenue over expenses and distributions for the year, before the following	776,066	18,383,264	1,974,089	-	21,133,419	1,047,620	10,599,535	1,047,822	-	12,694,977
Fair value change in investments (note 9)	-	-	1,217,549	-	1,217,549	-	-	1,726,052	-	1,726,052
Excess of revenue over expenses and distributions for the year	776,066	18,383,264	3,191,638	-	22,350,968	1,047,620	10,599,535	2,773,874	-	14,421,029
Transfer of funds (note 12)	(1,426,403)	9,175,216	(7,748,813)	-	-	(1,097,618)	(37,981)	1,135,599	-	-
Balance - End of year	1,594,773	72,905,758	40,128,115	555,974	115,184,620	2,245,110	45,347,278	44,685,290	555,974	92,833,652

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

Lions Gate Hospital Foundation

Statement of Cash Flows

	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$
Cash flows from operating activities		
Excess of revenue over expenses and distributions for the year	22,350,968	14,421,029
Items not affecting cash		
Change in unrealized gains/losses on investments (note 9)	739,093	(641,232)
Realized investment income and gains reinvested	(3,155,731)	(2,132,642)
	19,934,330	11,647,155
Changes in non-cash working capital items		
Interest and other receivables	(844,432)	(41,538)
Prepaid expenses	(642)	(2,541)
Accounts payable and accrued liabilities	(567,020)	(1,338,212)
Retiring allowance	31,231	12,456
	18,553,467	10,277,320
Cash flows from investing activities		
Purchase of endowment fund investments	(1,838,383)	(2,622,099)
Purchase of short and long term investments	(63,086,030)	(31,944,068)
Proceeds from disposition of endowment fund investments	8,812,196	1,486,500
Proceeds from disposition of short and long term investments	34,579,438	23,381,600
	(21,532,779)	(9,698,067)
Increase (decrease) in cash and cash equivalents	(2,979,311)	579,253
Cash and cash equivalents - Beginning of year	4,406,952	3,827,699
Cash and cash equivalents - End of year	1,427,640	4,406,952

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

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

1. Nature of operations:

Lions Gate Hospital Foundation (“the Foundation”) is a public charitable organization incorporated in 1981 under the British Columbia Society Act.

The Foundation raises funds to support the highest quality health care in the City of North Vancouver, the District of North Vancouver, the District of West Vancouver, the Village of Lions Bay, and the rural district of Bowen Island (collectively “the North Shore”) for:

- Lions Gate Hospital
- The Greta and Robert H. N. HO Psychiatry & Education Centre (“The HOpe Centre”)
- North Shore Hospice
- Evergreen House
- Cedarview Lodge
- Cedar Garden
- Kiwanis Care Centre
- Margaret Fulton Adult Day Centre
- West Vancouver Adult Day Centre
- Community and Mental Health Programs

The Foundation is a charitable organization registered under the Income Tax Act (“the Act”) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as an organization registered under the Act, the Foundation must meet certain requirements within the Act.

2. Basis of accounting:

The Foundation prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”) as issued by the Accounting Standards Board (“AcSB”).

3. Significant accounting policies:

(a) Fund accounting:

The Foundation maintains its accounts in accordance with the principles of fund accounting and follows the restricted fund method of accounting for revenue. Resources are classified for accounting and reporting purposes into funds, according to the activity or objective specified.

General Fund - The General Fund is unrestricted and accounts for the Foundation’s operating activities. It includes receipts of funds donated for the “area of greatest need” or not otherwise designated for endowment or specific purposes.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

3. Significant accounting policies (continued):

(a) Fund accounting (continued):

Specific Purpose Funds - The Specific Purpose Funds are restricted and include those amounts received and distributed by the Foundation for specified purposes, after deduction of related fundraising expenses. These funds may also include transfers from other funds, as approved by the Board of Directors ("the Board"), for specified purposes.

Endowment Fund - The Endowment Fund comprises amounts externally restricted by donors and internally restricted by the Board. The Externally Restricted Endowment Fund includes those amounts relating to endowments, bequests, and trust funds made available to the Foundation under trust arrangements specified by donors and independent trustees. The Internally Restricted Endowment Fund includes transfers from other funds, as approved by the Board, with the intention, at the Board's discretion, to be held as an endowment fund.

Property Fund - The Property Fund is restricted and accounts for the Foundation's investment in properties.

(b) Revenue recognition:

Unrestricted donations are recorded in the General Fund. Donations received for specific purposes or endowment are recorded in these funds as received. Donated properties and gifts in kind, with the exception of the artwork collection, are recorded at fair value, which is determined by appraisal.

Investment and property revenues are recorded as earned. Revenue earned on the Endowment Fund is recorded in the Endowment Fund.

(c) Contributed services:

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. During the year, approximately 5,599 volunteer hours (2018 – 4,861) were contributed to the Foundation. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(d) Distributions:

Distributions are recorded when Vancouver Coastal Health ("VCH") incurs expenditures on behalf of the Foundation and has received the related goods and services.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

3. Significant accounting policies (continued):

(e) Cash and cash equivalents:

Cash and cash equivalents include cash and deposits maturing within 90 days from the original date of acquisition.

(f) Investments:

Endowment fund investments - Management has elected to record all investments in pooled funds at fair value, and changes in fair value are recognized in the statement of revenue, expenses, and distributions, and fund balances.

Short term and long term investments – Short term and long term investments are held in term deposits and are recognized at fair value. Short term investments include term deposits which mature within one year from fiscal year end and long term investments include term deposits which mature in greater than one year from fiscal year end.

Investment income includes dividend and interest income earned in the year. Any realized capital gains and losses and any change in the unrealized gain or loss resulting from a movement in fair value from the previous statement of financial position date has been recognized within fair value change in investments.

(g) Artwork collection:

The Foundation's Art Program solicits donated works of art for the purpose of enhancing patient care by creating a calming and attractive environment at Lions Gate Hospital, the HOpe Centre, North Shore Hospice, and Evergreen House. The collection consists of original works of art and limited edition prints, each of which is accepted by the Foundation upon the recommendation of the Art Program Committee. Donated artwork is not recognized in revenue since artwork is not used in the normal course of operations. It is classified as a collection under ASNPO. Professional appraisals are required for those donations where the donor requires a receipt for income tax purposes.

(h) Investment in property:

Donated properties are initially recorded at the fair market value at the date of the gift.

Properties are carried at their original values, unless the market value of the properties is lower than cost and this decline in value is considered to be other than temporary, in which case the properties are written down to market value.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

3. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. It is reasonably possible that circumstances may arise which cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Foundation's financial position.

(j) Retiring allowance:

The Foundation has entered into employment agreements, which provide for a one-time payment to eligible employees upon retirement. To become eligible, employees must be over 55 years of age and have worked for the Foundation for at least 10 years. The amount of the retiring allowance is based upon the probability of employees becoming eligible, and increases by a fixed amount for each year of service over the period of employment. The estimated cost of this benefit is being accrued and charged to earnings on a straight-line basis over the period of employment.

(k) Financial instruments:

Financial assets and liabilities are initially measured at fair value. All financial assets and liabilities other than investments are measured at amortized cost.

The Foundation has measured its cash and cash equivalents, interest and other receivables, and accounts payable and accrued liabilities at amortized cost using the effective interest rate method. The estimated fair values of these financial instruments approximate their book values due to their short-term nature.

(l) Future accounting standards:

In March 2018, the AcSB issued new guidance on Collections Held by Not-for-Profit Organizations (ASNPO 4440) which is effective for years beginning on or after January 1, 2019. The new guidance recommends that collections be recorded either at cost or at nominal value. The Foundation will need to implement this guidance for the year ended June 30, 2020. Management is in the process of assessing the impact of adoption of the new guidance on the financial statements of the Foundation.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

4. Endowment Fund investments:

The Foundation's endowment investments are managed externally. The investment portfolio consists of the following:

	June 30, 2019		June 30, 2018	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Cash and money market funds	689,226	689,226	973,097	973,097
Bond funds	15,150,730	14,421,556	16,206,229	15,896,297
Equity funds				
Canadian	7,004,294	5,886,009	8,361,078	6,727,866
International	17,283,865	14,332,602	19,144,886	15,550,215
	<u>40,128,115</u>	<u>35,329,393</u>	<u>44,685,290</u>	<u>39,147,475</u>

The Endowment Fund comprises the following:

	Original donation/ bequest \$	Balance June 30, 2018 \$	Donations/ transfers in \$	Investment income \$	Investment management fees \$	Fair value change in investments \$	Transfers out \$	Balance June 30, 2019 \$
Total externally restricted	6,592,566	8,663,652	775,000	298,606	(50,182)	245,670	(308,528)	9,624,218
Total internally restricted	<u>22,822,467</u>	<u>36,021,638</u>	<u>718,237</u>	<u>1,147,188</u>	<u>(196,522)</u>	<u>971,878</u>	<u>(8,158,522)</u>	<u>30,503,897</u>
Total	<u>29,415,033</u>	<u>44,685,290</u>	<u>1,493,237</u>	<u>1,445,794</u>	<u>(246,704)</u>	<u>1,217,548</u>	<u>(8,467,050)</u>	<u>40,128,115</u>

5. Investment in property:

The Foundation holds a donated property that is classified as a long-term investment. The Board has agreed not to sell the donated property before June 30, 2020. Under the original agreement, the property shall be restricted to uses not incompatible with multi-family dwellings (note 7(c)).

6. Artwork collection:

As at June 30, 2019, the Foundation has 463 (2018 - 343) works of art in the collection valued at approximately \$1,235,000 (2018 - \$1,060,000) at the time of receipt. Additionally, 12 (2018 - 21) works of art are on loan to the Foundation, valued at approximately \$110,000 (2018 - \$116,000). Donations of artwork received during the year totaled \$68,038 (2018 - \$82,149).

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

7. Related party transactions:

The Foundation undertakes fundraising to enhance the quality of health care on the North Shore for VCH. The Foundation commits funds to VCH for capital related projects. VCH will initially pay for the costs associated with these projects and invoice the Foundation for recovery. VCH also pays for all operating expenses on behalf of the Foundation, including salaries, and invoices the Foundation for recovery. Transactions are measured at the exchange amount.

(a) During the year, distributions were made to VCH for the following projects:

	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$
CT Campaign	2,135,036	-
North Shore Hospice expansion	1,193,390	1,185,674
LGH NOW - Outpatient Care Centre	830,448	2,322,378
Medical & Surgical Centre	398,117	1,827,803
Medical equipment	187,501	491,556
Fluoroscopy/X-ray	-	914,331
Youth Mental Health Unit	-	403,272
Other projects less than \$500,000	1,386,936	1,458,138
	<u>6,131,428</u>	<u>8,603,152</u>

(b) Included in accounts payable and accrued liabilities is \$846,876 (2018 - \$517,410) due to VCH relating to the reimbursement of Foundation operating expenses paid or payable by VCH on behalf of the Foundation and \$0 (2018 - \$933,953) due to VCH for capital expenditures for Lions Gate Hospital. Included within the payables of VCH are payroll taxes of \$29,482 (2018 - \$41,006) to be remitted to the government on behalf of the Foundation.

(c) The Board has extended the approval of the use of certain donated property by VCH on a rent-free basis until 2020. The Foundation retains the right to dispose of or otherwise deal with the property after 2020 (note 5).

(d) VCH provides the Foundation with office premises, certain office equipment, and accounting services at no cost to the Foundation.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

8. Specific Purpose Funds:

	Balance June 30, 2018	Donations/ transfers	Distributions	Fundraising/ administrative expenses	Balance June 30, 2019
	\$	\$	\$	\$	\$
Medical & Surgical Centre	34,478,919	28,854,227	(398,117)	-	62,935,029
Building Fund	1,072,291	777,527	-	-	1,849,818
Patient Care & Innovation Fund	-	1,249,017	(1,057)	-	1,247,960
Palliative/Hospice Fund	661,253	882,639	(1,193,390)	(890)	349,612
LGH NOW - Outpatient Care Centre	1,723,131	(892,683)	(830,448)	-	-
CT Scanner (a)	19,711	849,233	(2,135,036)	-	(1,266,092)
Other (b)	7,391,973	2,129,881	(1,538,394)	(194,029)	7,789,431
	<u>45,347,278</u>	<u>33,849,841</u>	<u>(6,096,442)</u>	<u>(194,919)</u>	<u>72,905,758</u>

(a) During the year, the Board approved a temporary use of the General fund to cover the negative balance in the CT Scanner fund from Specific Purpose pledges not yet fulfilled. Subsequent to the year end the Specific Purpose pledges have now been received.

(b) Includes equipment purchases for hospital departments, long-term care facilities, and staff education.

9. Fair value change in investments:

	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$
Realized gains	1,956,642	1,084,820
Change in unrealized gains/(losses)	(739,093)	641,232
	<u>1,217,549</u>	<u>1,726,052</u>

10. Administrative expenses:

	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$
Salaries and benefits	1,391,319	1,223,451
Banking and credit card fees	82,791	56,225
General administration	71,153	60,359
Legal and audit	32,541	27,678
Insurance	20,217	18,642
Professional development	8,031	1,732
Consultants	-	14,279
	<u>1,606,052</u>	<u>1,402,366</u>

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

11. Fundraising expenses:

	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$
Special events	234,055	189,452
Direct mail	187,979	177,189
Print and electronic communications	157,020	97,184
Donor development and recognition	106,340	105,240
Planned giving	15,323	5,015
	<u>700,717</u>	<u>574,080</u>

12. Transfer of funds:

	General	Specific Purpose	Endowment	Total
	\$	\$	\$	\$
Transfer from General to Endowment (a)	(718,237)	-	718,237	-
Transfer from General to Specific Purpose (b)	(729,840)	729,840	-	-
Transfer from Endowment to Specific Purpose (c)	-	8,445,376	(8,445,376)	-
Transfer from Endowment to General (d)	21,674	-	(21,674)	-
	<u>(1,426,403)</u>	<u>9,175,216</u>	<u>(7,748,813)</u>	<u>-</u>

- (a) Transfer from General to Endowment represents transfers of estate gifts and an allocation of tribute gifts.
- (b) Transfer from General to Specific Purpose represents an allocation of estate gifts or general donations received with no restriction to a specific purpose fund campaign.
- (c) Transfer from Endowment to Specific Purpose represents a transfer as per consultation with the donor and Board approved transfers from Board designated endowment.
- (d) Transfer from Endowment to General represents a transfer as per consultation with the donor.

13. Life insurance:

The Foundation is the irrevocable beneficiary of life insurance policies purchased by donors. Revenues relating to those policies are recorded on a cash basis. The total policies outstanding of which the Foundation is aware as at June 30, 2019 amount to \$50,000 (2018 - \$50,000).

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

14. Commitments:

	Year ended June 30, 2019	Year ended June 30, 2018
	\$	\$
Medical and Surgical Centre	96,682,471	97,080,588
CT Scanner	982,964	3,118,000
Simulation Centre	759,569	760,369
Hospice Expansion Campaign	133,785	1,186,635
LGH NOW - Outpatient Care Centre	-	1,749,439
Other	-	51,837
	<u>98,558,789</u>	<u>103,946,868</u>

The commitments represent the total amount the Foundation is to provide to VCH. This represents both funds received and pledges which are not recorded as revenue until received.

15. Financial instruments:

Market risk:

Market risk is the risk that the fair value of an investment will fluctuate due to changes in market conditions. Market risk comprises interest rate risk, foreign currency risk and price risk.

(a) Interest rate risk:

Interest rate risk is the risk that the Foundation's investments will change in fair value due to future fluctuations in market interest rates. The risk arises primarily on interest-bearing financial instruments held in pooled money market and bond funds as disclosed in note 4 and short and long-term investments held in fixed interest certificates.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

15. Financial instruments (continued):

Market risk (continued):

(b) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is exposed to currency risk through its Endowment Fund investments in international equities as disclosed in note 4. Management frequently reviews exchange rates to mitigate risk to the Foundation.

(c) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. It arises primarily on equity investments, including investments in pooled funds. The Foundation manages this risk by setting up and monitoring appropriate guidelines on the diversification and weighting of investments.

Credit risk:

Credit risk is the risk of loss resulting from the failure of an individual or group to honour their financial obligations. The only financial instruments that potentially subject the Foundation to concentrations of credit risk are its receivables and investments. The Foundation's receivables are not significant. Its investments are managed to maintain minimum credit criteria and are diversified within various asset pools held by the Foundation. Thus, the Foundation is not considered to be significantly exposed to credit risk.

Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flows from the General and Endowment Funds to fund the operations and settle liabilities when due.

Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Foundation is not exposed to significant cash flow risk.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2019

16. Societies Act Disclosure:

Remuneration paid to Directors:

Directors receive no remuneration for being a director of or for acting in another capacity with the Foundation.

Remuneration paid to highest paid employees and contractors:

The 2 (2018 - 3) most highly remunerated persons, whose remuneration was at least \$75,000 during the year ended June 30, 2019, received an aggregate of \$390,003 (2018 - \$475,275) from the Foundation during that period.

Financial Assistance:

The Foundation did not provide any financial assistance outside the ordinary course of activities during the year.