

Lions Gate Hospital Foundation

Financial Statements

June 30, 2020



Independent auditor's report

To the Members of Lions Gate Hospital Foundation

Report on other legal and regulatory requirements

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, 2020 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, 2020;
- 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.

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 24, 2020

Lions Gate Hospital Foundation
Statement of Financial Position

	June 30, 2020	June 30, 2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,373,119	1,427,640
Interest and other receivables	2,862,007	1,227,904
Short-term investments (note 4)	22,075,221	10,000,000
Prepaid expenses	19,875	15,644
	<u>27,330,222</u>	<u>12,671,188</u>
Long-term investments (note 4)	68,152,287	63,086,030
Donated assets (note 3(g) and note 7)	1	1
Endowment Fund investments (note 5)	42,874,208	40,128,115
Investment in property (note 6)	555,974	555,974
	<u>138,912,692</u>	<u>116,441,308</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8(b))	849,118	1,153,415
	<u>849,118</u>	<u>1,153,415</u>
Retiring allowance	102,517	103,273
	<u>951,635</u>	<u>1,256,688</u>
Fund balances		
Unrestricted		
General Fund	2,597,993	1,594,773
	<u>2,597,993</u>	<u>1,594,773</u>
Restricted		
Specific Purpose Funds (note 9)	91,932,882	72,905,758
Endowment Fund (note 5)	42,874,208	40,128,115
Property Fund (note 6)	555,974	555,974
	<u>135,363,064</u>	<u>113,589,847</u>
	<u>137,961,057</u>	<u>115,184,620</u>
	<u>138,912,692</u>	<u>116,441,308</u>

Commitments (note 15)
Impact of Covid-19 (note 18)

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, 2020					Year ended June 30, 2019				
	General	Specific Purpose	Endowment	Property	Total	General	Specific Purpose	Endowment	Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - Beginning 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
Revenue										
Fundraising - Donations	626,945	20,300,779	254,076	-	21,181,800	190,429	20,847,765	774,999	-	21,813,193
Fundraising - Special Events	13,881	1,356,890	-	-	1,370,771	981	2,636,830	-	-	2,637,811
Investment Income	2,272,469	118,220	1,284,235	-	3,674,924	1,493,571	26,221	1,445,794	-	2,965,586
Estate Gifts	1,632,328	1,697,959	477,773	-	3,808,060	1,099,681	1,163,809	-	-	2,263,490
Other	121,688	-	-	-	121,688	138,240	-	-	-	138,240
	<u>4,667,311</u>	<u>23,473,848</u>	<u>2,016,084</u>	<u>-</u>	<u>30,157,243</u>	<u>2,922,902</u>	<u>24,674,625</u>	<u>2,220,793</u>	<u>-</u>	<u>29,818,320</u>
Expenses and distributions										
Distributions (notes 8 and 9)	30,256	4,926,306	-	-	4,956,562	34,986	6,096,442	-	-	6,131,428
Administrative expenses (note 11)	1,557,491	1,607	-	-	1,559,098	1,606,052	-	-	-	1,606,052
Fundraising expenses (note 12)	368,416	61,464	-	-	429,880	505,798	194,919	-	-	700,717
Investment management fees	-	-	236,454	-	236,454	-	-	246,704	-	246,704
	<u>1,956,163</u>	<u>4,989,377</u>	<u>236,454</u>	<u>-</u>	<u>7,181,994</u>	<u>2,146,836</u>	<u>6,291,361</u>	<u>246,704</u>	<u>-</u>	<u>8,684,901</u>
Excess of revenue over expenses and distributions for the year, before the following	2,711,148	18,484,471	1,779,630	-	22,975,249	776,066	18,383,264	1,974,089	-	21,133,419
Fair value change in investments (note 10)	-	-	(198,812)	-	(198,812)	-	-	1,217,549	-	1,217,549
Excess of revenue over expenses and distributions for the year	2,711,148	18,484,471	1,580,818	-	22,776,437	776,066	18,383,264	3,191,638	-	22,350,968
Transfer of funds (note 13)	(1,707,928)	542,653	1,165,275	-	-	(1,426,403)	9,175,216	(7,748,813)	-	-
Balance - End of year	<u>2,597,993</u>	<u>91,932,882</u>	<u>42,874,208</u>	<u>555,974</u>	<u>137,961,057</u>	<u>1,594,773</u>	<u>72,905,758</u>	<u>40,128,115</u>	<u>555,974</u>	<u>115,184,620</u>

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

Lions Gate Hospital Foundation

Statement of Cash Flows

	Year ended June 30, 2020	Year ended June 30, 2019
	\$	\$
Cash flows from operating activities		
Excess of revenue over expenses and distributions for the year	22,776,437	22,350,968
Items not affecting cash		
Change in unrealized gains/losses on investments (note 10)	970,004	739,093
Realized investment income and gains reinvested	<u>(1,818,973)</u>	<u>(3,155,731)</u>
	21,927,468	19,934,330
Changes in non-cash working capital items		
Interest and other receivables	(1,634,103)	(844,432)
Prepaid expenses	(4,231)	(642)
Accounts payable and accrued liabilities	(304,297)	(567,020)
Retiring allowance	<u>(756)</u>	<u>31,231</u>
	<u>19,984,081</u>	<u>18,553,467</u>
Cash flows from investing activities		
Purchase of endowment fund investments	(2,797,124)	(1,838,383)
Purchase of short and long-term investments	(40,800,000)	(63,086,030)
Proceeds from disposition of endowment fund investments	900,000	8,812,196
Proceeds from disposition of short and long-term investments	<u>23,658,522</u>	<u>34,579,438</u>
	<u>(19,038,602)</u>	<u>(21,532,779)</u>
Increase (decrease) in cash and cash equivalents	945,479	(2,979,311)
Cash and cash equivalents - Beginning of year	<u>1,427,640</u>	<u>4,406,952</u>
Cash and cash equivalents - End of year	<u>2,373,119</u>	<u>1,427,640</u>

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

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, 2020

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 3,015 volunteer hours (2019 – 5,599) were contributed to the Foundation. The decrease in volunteer hours from prior year was a result of Covid-19. 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, 2020

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) Donated assets:

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 at a nominal value under ASNPO 4440. Professional appraisals are required for those donations where the donor requires a receipt for income tax purposes.

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 implemented this guidance for the year ended June 30, 2020 and has recorded the artwork at nominal value. The adoption of the accounting standards had minimal impact on the financial statements.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

3. Significant accounting policies (continued):

(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.

(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.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

4. Investments:

Short term investments mature from November 2020 to March 2021 with interest rates ranging from 2.83% per annum to 3.20% per annum.

Long term investments mature from January 2022 to April 2025 with interest rates ranging from 1.75% per annum to 3.15% per annum.

5. Endowment Fund investments:

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

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Cash and money market funds	1,311,774	1,311,929	689,226	689,226
Bond funds	16,065,510	14,916,647	15,150,730	14,421,556
Equity funds				
Canadian	6,906,758	6,343,640	7,004,294	5,886,009
International	18,590,166	16,473,274	17,283,865	14,332,602
	<u>42,874,208</u>	<u>39,045,490</u>	<u>40,128,115</u>	<u>35,329,393</u>

The Endowment Fund comprises the following:

	Original donation/ bequest	Balance June 30, 2019	Donations/ transfers in	Investment income	Investment management fees	Fair value change in investments	Transfers out	Balance June 30, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Total externally restricted	7,842,709	9,624,218	1,325,143	319,016	(59,009)	197,392	(97,500)	11,309,260
Total internally restricted	23,491,948	30,503,897	669,481	965,219	(177,445)	(396,204)	-	31,564,948
Total	<u>31,334,657</u>	<u>40,128,115</u>	<u>1,994,624</u>	<u>1,284,235</u>	<u>(236,454)</u>	<u>(198,812)</u>	<u>(97,500)</u>	<u>42,874,208</u>

6. 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 9(c)).

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

7. Donated assets:

As at June 30, 2020, the Foundation has recorded the art collection at a nominal value of \$1 on the statement of financial position. The Foundation has 531 (2019 - 463) works of art in the collection valued at approximately \$1,543,000 (2019 - \$1,235,000) at the time of receipt. Additionally, 24 (2019 - 12) works of art are on loan to the Foundation, valued at approximately \$121,000 (2019 - \$110,000). Donations of artwork received during the year totaled \$279,636 (2019 - \$68,038).

8. 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, 2020	Year ended June 30, 2019
	\$	\$
Building Fund	1,260,014	-
Orthopedic	609,852	-
Medical equipment	336,133	187,501
CT Scanner	243,358	2,135,036
North Shore Hospice expansion	143,759	1,193,390
Other projects less than \$500,000	2,363,446	2,615,501
	<u>4,956,562</u>	<u>6,131,428</u>

(b) Included in accounts payable and accrued liabilities is \$326,691 (2019 - \$846,876) due to VCH relating to the reimbursement of Foundation operating expenses paid or payable by VCH on behalf of the Foundation and \$168,923 (2019 - \$0) due to VCH for capital expenditures for Lions Gate Hospital. Included within the payables of VCH are payroll taxes of \$25,227 (2019 - \$29,482) 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 6).

(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, 2020

9. Specific Purpose Funds:

	Balance June 30, 2019	Donations/ transfers	Distributions	Fundraising/ administrative expenses	Balance June 30, 2020
	\$	\$	\$	\$	\$
Medical & Surgical Centre	62,935,029	8,697,218	443,582	-	72,075,829
Critical Care Unit	-	4,499,310	(163,756)	-	4,335,554
Patient Care & Innovation Fund	1,247,960	2,484,349	(233,049)	-	3,499,260
Covid-19 Emergency Response Fund	-	2,322,157	(488,240)	-	1,833,917
Building Fund	1,849,818	381,275	(1,260,014)	-	971,079
Palliative/Hospice Fund	349,612	682,601	(143,759)	-	888,454
CT Campaign	(1,266,092)	2,016,758	(243,358)	-	507,308
Other (a)	7,789,431	2,931,226	(2,837,712)	(61,464)	7,821,481
	<u>72,905,758</u>	<u>24,014,894</u>	<u>(4,926,306)</u>	<u>(61,464)</u>	<u>91,932,882</u>

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

10. Fair value change in investments:

	Year ended June 30, 2020	Year ended June 30, 2019
	\$	\$
Realized gains	771,192	1,956,642
Change in unrealized gains/(losses)	(970,004)	(739,093)
	<u>(198,812)</u>	<u>1,217,549</u>

11. Administrative expenses:

	Year ended June 30, 2020	Year ended June 30, 2019
	\$	\$
Salaries and benefits	1,353,123	1,391,319
Banking and credit card fees	73,705	82,791
General administration	65,114	71,153
Legal and audit	34,204	32,541
Insurance	28,656	20,217
Professional development	4,296	8,031
	<u>1,559,098</u>	<u>1,606,052</u>

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

12. Fundraising expenses:

	Year ended June 30, 2020	Year ended June 30, 2019
	\$	\$
Direct mail	159,433	187,979
Special events	110,879	234,055
Print and electronic communications	92,514	157,020
Donor development and recognition	50,470	106,340
Planned giving	16,584	15,323
	<u>429,880</u>	<u>700,717</u>

13. Transfer of funds:

	General	Specific Purpose	Endowment	Total
	\$	\$	\$	\$
Transfer from General to Endowment (a)	(962,775)	-	962,775	-
Transfer from General to Specific Purpose (b)	(745,153)	745,153	-	-
Transfer from Endowment to Specific Purpose (c)	-	97,500	(97,500)	-
Transfer from Specific Purpose to Endowment (d)	-	(300,000)	300,000	-
	<u>(1,707,928)</u>	<u>542,653</u>	<u>1,165,275</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 Specific Purpose to Endowment represents Board approved transfers of designated funds.

14. 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, 2020 amount to \$50,000 (2019 - \$50,000).

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

15. Commitments:

	Year ended June 30, 2020	Year ended June 30, 2019
	\$	\$
Medical and Surgical Centre	97,126,053	96,682,471
CT Scanner Campaign	739,606	982,964
Simulation Centre	628,561	759,569
Hospice Expansion Campaign	88,554	133,785
	<u>98,582,774</u>	<u>98,558,789</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.

16. 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.

(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.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

16. Financial instruments (continued):

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.

17. 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 (2019 - 2) most highly remunerated persons, whose remuneration was at least \$75,000 during the year ended June 30, 2020, received an aggregate of \$409,969 (2019 - \$390,003) 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.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2020

18. Impact of Covid-19:

In March 2020, the Covid-19 outbreak was declared a pandemic by the World Health Organization. The subsequent shut-downs globally, domestically, and locally have had a significant impact on jurisdictions and market sectors in which the Foundation operates. At the time of the approval of these financial statements, the primary impact on the Foundation has been the decline in value of its investments and it has taken the following activities in response to the Covid-19 pandemic:

- (a) Cancellation of in person events larger than 50 people, and moving other events to virtual events;
- (b) Deployment of work from home protocols for Foundation employees that are able to do so;
- (c) A Covid-19 response fund has been set-up to support health care teams on the front line; and
- (d) The Foundation received donations of Personal Protective Equipment (“PPE”); face masks and shields, gowns and gloves valued at \$447,761.

At this time, the Foundation has not experienced a reduction in any of its major funding sources. However, the impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not predictable at this time. The Foundation continues to closely monitor the impact on its financial implications and continuing operations.

19. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year’s financial statement presentation.