

Lions Gate Hospital Foundation

Financial Statements

June 30, 2022

Lions Gate Hospital Foundation
Statement of Financial Position

	June 30, 2022	June 30, 2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,649,302	3,854,639
Accounts receivables	-	157,261
Short-term investments (note 4)	55,928,269	4,970,294
Prepaid expenses	32,974	20,057
	<u>58,610,545</u>	<u>9,002,251</u>
Long-term investments (note 4)	68,846,820	111,884,532
Donated assets (note 3(g) and note 7)	1	1
Endowment Fund investments (note 5)	54,602,663	56,019,143
Investment in property (note 6)	555,974	555,974
	<u>182,616,003</u>	<u>177,461,901</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8(b))	1,598,728	1,486,441
	<u>1,598,728</u>	<u>1,486,441</u>
Retiring allowance	118,577	109,699
	<u>1,717,305</u>	<u>1,596,140</u>
Fund balances		
Unrestricted		
General Fund	2,046,868	2,921,105
	<u>2,046,868</u>	<u>2,921,105</u>
Restricted		
Specific Purpose Funds (note 9)	123,693,193	116,369,539
Endowment Fund (note 5)	54,602,663	56,019,143
Property Fund (note 6)	555,974	555,974
	<u>178,851,830</u>	<u>172,944,656</u>
	<u>180,898,698</u>	<u>175,865,761</u>
	<u>182,616,003</u>	<u>177,461,901</u>

Commitments (note 15)

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, 2022					Year ended June 30, 2021				
	General	Specific Purpose	Endowment	Property	Total	General	Specific Purpose	Endowment	Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance - Beginning of year	2,921,105	116,369,539	56,019,143	555,974	175,865,761	2,597,993	91,932,882	42,874,208	555,974	137,961,057
Revenue										
Fundraising - Donations	373,800	13,704,317	-	-	14,078,117	1,723,982	24,152,593	-	-	25,876,575
Fundraising - Special Events	1,749	1,659,783	-	-	1,661,532	6,318	1,170,380	-	-	1,176,698
Investment Income	2,446,143	-	1,800,862	-	4,247,005	2,460,667	-	1,210,685	-	3,671,352
Estate Gifts	5,394,753	1,305,803	250,000	-	6,950,556	4,846,309	1,616,664	-	-	6,462,973
Other	114,471	-	-	-	114,471	163,406	-	-	-	163,406
	<u>8,330,916</u>	<u>16,669,903</u>	<u>2,050,862</u>	<u>-</u>	<u>27,051,681</u>	<u>9,200,682</u>	<u>26,939,637</u>	<u>1,210,685</u>	<u>-</u>	<u>37,351,004</u>
Expenses and distributions										
Distributions (notes 8 and 9)	8,228	12,527,943	-	-	12,536,171	24,470	4,079,789	-	-	4,104,259
Administrative expenses (note 11)	1,563,391	-	-	-	1,563,391	1,534,784	1,570	-	-	1,536,354
Fundraising expenses (note 12)	386,187	292,299	-	-	678,486	362,301	45,269	-	-	407,570
Investment management fees	-	-	296,042	-	296,042	-	-	228,496	-	228,496
	<u>1,957,806</u>	<u>12,820,242</u>	<u>296,042</u>	<u>-</u>	<u>15,074,090</u>	<u>1,921,555</u>	<u>4,126,628</u>	<u>228,496</u>	<u>-</u>	<u>6,276,679</u>
Excess of revenue over expenses and distributions for the year, before the following	6,373,110	3,849,661	1,754,820	-	11,977,591	7,279,127	22,813,009	982,189	-	31,074,325
Fair value change in investments (note 10)	-	-	(6,944,654)	-	(6,944,654)	-	-	6,830,379	-	6,830,379
Excess of revenue over expenses and distributions for the year	6,373,110	3,849,661	(5,189,834)	-	5,032,937	7,279,127	22,813,009	7,812,568	-	37,904,704
Transfer of funds (note 13)	(7,247,347)	3,473,993	3,773,354	-	-	(6,956,015)	1,623,648	5,332,367	-	-
Balance - End of year	<u>2,046,868</u>	<u>123,693,193</u>	<u>54,602,663</u>	<u>555,974</u>	<u>180,898,698</u>	<u>2,921,105</u>	<u>116,369,539</u>	<u>56,019,143</u>	<u>555,974</u>	<u>175,865,761</u>

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

Lions Gate Hospital Foundation

Statement of Cash Flows

	Year ended June 30, 2022	Year ended June 30, 2021
	\$	\$
Cash flows from operating activities		
Excess of revenue over expenses and distributions for the year	5,032,937	37,904,704
Items not affecting cash		
Change in unrealized gains/losses on investments (note 10)	8,845,790	(5,701,834)
Realized investment income and gains reinvested	(3,405,957)	(2,110,734)
Interest income	(2,446,143)	(2,460,667)
Interest received	584,759	1,517,715
	<u>8,611,386</u>	<u>29,149,184</u>
Changes in non-cash working capital items		
Accounts receivables	157,261	(38,561)
Prepaid expenses	(12,917)	(182)
Accounts payable and accrued liabilities	112,288	637,323
Retiring allowance	8,878	7,182
	<u>8,876,896</u>	<u>29,754,946</u>
Cash flows from investing activities		
Purchase of endowment fund investments	(6,023,353)	(6,367,367)
Purchase of short and long-term investments	(10,681,167)	(45,016,281)
Proceeds from disposition of endowment fund investments	2,000,000	1,035,000
Proceeds from disposition of short and long-term investments	4,622,287	22,075,222
	<u>(10,082,233)</u>	<u>(28,273,426)</u>
Increase in cash and cash equivalents	(1,205,337)	1,481,520
Cash and cash equivalents - Beginning of year	<u>3,854,639</u>	<u>2,373,119</u>
Cash and cash equivalents - End of year	<u>2,649,302</u>	<u>3,854,639</u>

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

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, 2022

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 3,459 volunteer hours (2021 – 2,324) 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, 2022

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 more 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.

(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, 2022

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.

4. Investments:

Short-term investments mature from September 2022 to May 2023 with interest rates ranging from 1.19% per annum to 3.15% per annum.

Long-term investments mature from November 2023 to April 2027 with interest rates ranging from 0.89% per annum to 3.71% per annum.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

5. Endowment Fund investments:

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

	June 30, 2022		June 30, 2021	
	Fair value	Cost	Fair value	Cost
	\$	\$	\$	\$
Cash and money market funds	2,300,241	2,300,687	876,439	877,636
Bond funds	19,135,682	21,556,378	18,437,775	17,634,639
Equity funds				
Canadian	10,179,763	8,882,522	10,305,759	7,694,075
International	22,986,977	21,178,314	26,399,170	20,282,241
	54,602,663	53,917,901	56,019,143	46,488,591

The Endowment Fund comprises the following:

	Original donation/ bequest	Balance June 30, 2021	Donations/ transfers in	Investment income	Investment management fees	Fair value change in investments	Balance June 30, 2022
	\$	\$	\$	\$	\$	\$	\$
Total externally restricted	12,804,990	17,545,793	855,000	557,956	(92,180)	(2,143,119)	16,723,450
Total internally restricted	27,935,388	38,473,350	3,168,354	1,242,906	(203,862)	(4,801,535)	37,879,213
Total	40,740,378	56,019,143	4,023,354	1,800,862	(296,042)	(6,944,654)	54,602,663

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, 2025. Under the original agreement, the property shall be restricted to uses not incompatible with multi-family dwellings (note 8(c)).

7. Donated assets:

As at June 30, 2022, the Foundation has recorded the art collection at a nominal value of \$1 on the statement of financial position. The Foundation has 634 (2021 - 626) works of art in the collection valued at approximately \$1,755,000 (2021 - \$1,720,000) at the time of receipt. Additionally, 29 (2021 - 29) works of art are on loan to the Foundation, valued at approximately \$149,000 (2021 - \$136,000). Donations of artwork received during the year totaled \$118,769 (2021 - \$95,152).

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

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, 2022	Year ended June 30, 2021
	\$	\$
Critical Care Campaign	7,247,487	666,446
Surgery	1,694,379	361,368
Technology & Innovation Fund	219,430	542,984
Other projects less than \$500,000	3,374,875	2,533,461
	<u>12,536,171</u>	<u>4,104,259</u>

- (b) Included in accounts payable and accrued liabilities is \$285,921 (2021 - \$259,797) due to VCH relating to the reimbursement of Foundation operating expenses paid or payable by VCH on behalf of the Foundation and \$1,011,484 (2021 - \$926,681) due to VCH for capital expenditures for Lions Gate Hospital. Included within the payables of VCH are payroll taxes of \$11,704 (2021 - \$10,989) 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 2025. The Foundation retains the right to dispose of or otherwise deal with the property after 2025 (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, 2022

9. Specific Purpose Funds:

	Balance June 30, 2021	Donations/ transfers	Distributions	Fundraising/ administrative expenses	Balance June 30, 2022
	\$	\$	\$	\$	\$
Medical & Surgical Centre Fund	83,155,797	4,951,629	(139,706)	-	87,967,720
MRI Campaign	353,281	6,463,525	(91,748)	-	6,725,058
Emergency Department Mental Health Campaign	5,260,151	(683,843)	(372,563)	-	4,203,745
Technology & Innovation Fund	3,668,092	319,395	(219,429)	-	3,768,058
Surgery	17,237	3,811,461	(1,694,378)	-	2,134,320
Angio/Interventional Radiology	-	2,129,826	-	-	2,129,826
Technology Campaign Fund	-	1,941,641	-	-	1,941,641
West Van Adult Day Care	1,516,383	-	-	-	1,516,383
COVID-19 NS Emergency Response Fund	1,904,564	(10,600)	(415,006)	-	1,478,958
Palliative/Hospice Fund	1,365,450	25,362	(349,871)	-	1,040,941
ADHD Pilot Program	1,257,123	300	(254,850)	-	1,002,573
Radiology	2,689,551	(1,535,030)	(245,661)	-	908,860
Building Fund	881,145	-	-	-	881,145
Equipment - General Designated	459,298	485,800	(79,109)	-	865,989
Evening Gala	40,679	504,174	-	-	544,853
Critical Care Unit	6,908,662	142,458	(7,051,120)	-	-
Other (a)	6,892,126	1,597,798	(1,614,502)	(292,299)	6,583,123
	<u>116,369,539</u>	<u>20,143,896</u>	<u>(12,527,943)</u>	<u>(292,299)</u>	<u>123,693,193</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, 2022	Year ended June 30, 2021
	\$	\$
Realized gains	1,901,136	1,128,545
Change in unrealized gains / (losses)	(8,845,790)	5,701,834
	<u>(6,944,654)</u>	<u>6,830,379</u>

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

11. Administrative expenses:

	Year ended June 30, 2022	Year ended June 30, 2021
	\$	\$
Salaries and benefits	1,366,495	1,331,534
Banking and credit card charges	58,205	66,292
General administration	48,675	60,436
Insurance	45,450	40,865
Legal and audit	35,331	36,946
Professional development	9,235	281
	<u>1,563,391</u>	<u>1,536,354</u>

12. Fundraising expenses:

	Year ended June 30, 2022	Year ended June 30, 2021
	\$	\$
Special events	316,155	73,517
Print and electronic communications	174,234	125,840
Direct mail	143,961	163,168
Donor development and recognition	36,933	28,274
Planned giving	7,203	16,771
	<u>678,486</u>	<u>407,570</u>

13. Transfer of funds:

	General \$	Specific Purpose \$	Endowment \$	Total \$
Transfer from General to Endowment (a)	(3,217,854)		3,217,854	-
Transfer from General to Specific Purpose (b)	(4,029,493)	4,029,493		-
Transfer from Endowment to Specific Purpose (c)	-	53,500	(53,500)	-
Transfer from Specific Purpose to Endowment (d)	-	(609,000)	609,000	-
	<u>(7,247,347)</u>	<u>3,473,993</u>	<u>3,773,354</u>	<u>-</u>

- (a) Transfer from General to Endowment represents transfers of estate gifts and an allocation of tribute gifts.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

13. Transfer of funds (continued):

- (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, 2022 amount to \$60,700 (2021 - \$60,700).

15. Commitments:

	Year ended June 30, 2022
	\$
Medical and Surgical Centre	96,774,234
Technology Transformation Campaign	20,000,000
Second MRI	6,998,252
West Vancouver Adult Day Program	3,650,000
ED Mental Health Campaign	3,620,437
Angio/Interventional Radiology Campaign	3,000,000
Critical Care Unit	1,322,311
Minimally Invasive Surgical Equipment	850,849
Neurosurgery Equipment	725,923
Hospice Nursing Station Renovation	364,672
Simulation Centre	344,744
Anatomic Pathology Laboratory Second Grossing Room	134,388
Pediatric Mental Health Project	94,609
Other Commitments	2,277,762
	<hr/>
	140,158,181
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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.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

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.

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.

Lions Gate Hospital Foundation

Notes to Financial Statements
Year Ended June 30, 2022

16. Financial instruments (continued):

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 four (2021 - three) most highly remunerated persons, whose remuneration was at least \$75,000 during the year ended June 30, 2022, received an aggregate of \$600,002 (2021 - \$504,967) 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.

18. Comparative figures:

Certain comparative figures disclosed in notes 8 and 9 to the financial statements have been reclassified to conform with the current year's financial statement presentation.