

Financial Statements of

LIONS GATE HOSPITAL FOUNDATION

And Independent Auditor's Report thereon

Year ended June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Lions Gate Hospital Foundation

Opinion

We have audited the financial statements of Lions Gate Hospital Foundation (the "Foundation"), which comprise:

- the statement of financial position as at June 30, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditor's report.

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

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

Other Matter – Comparative Information

The financial statements for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on these financial statements on September 15, 2022.



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 the 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
September 21, 2023

LIONS GATE HOSPITAL FOUNDATION

Statement of Financial Position

June 30, 2023, with comparative information for 2022

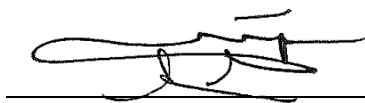
| | 2023 | 2022 |
|-------------------------------------|-----------------------|-----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (note 4) | \$ 1,219,370 | \$ 2,649,302 |
| Accounts receivable | 212,306 | - |
| Short-term investments (note 5) | 68,676,037 | 55,928,269 |
| Prepaid expenses | 40,348 | 32,974 |
| | <u>70,148,061</u> | <u>58,610,545</u> |
| Long-term investments (note 5) | 75,939,465 | 68,846,820 |
| Donated assets (notes 3(g) and 8) | 1 | 1 |
| Endowment fund investments (note 6) | 60,327,341 | 54,602,663 |
| Investment in property (note 7) | 555,974 | 555,974 |
| | <u>\$ 206,970,842</u> | <u>\$ 182,616,003</u> |

Liabilities and Net Assets

| | | |
|---|-----------------------|-----------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 9) | \$ 808,105 | \$ 1,598,728 |
| Retiring allowance | 114,945 | 118,577 |
| | <u>923,050</u> | <u>1,717,305</u> |
| Fund balances: | | |
| Unrestricted: | | |
| General fund | 4,673,845 | 2,046,868 |
| Restricted: | | |
| Specific purpose funds (note 10) | 140,490,632 | 123,693,193 |
| Endowment fund (note 6) | 60,327,341 | 54,602,663 |
| Property fund (note 7) | 555,974 | 555,974 |
| | <u>206,047,792</u> | <u>180,898,698</u> |
| Commitments (note 16) | | |
| | <u>\$ 206,970,842</u> | <u>\$ 182,616,003</u> |

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors:



Director



Director

LIONS GATE HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended June 30, 2023, with comparative information for 2022

| | 2023 | | | | | 2022 | | | | |
|---|--------------|------------------|---------------|------------|----------------|--------------|------------------|---------------|------------|----------------|
| | General | Specific Purpose | Endowment | Property | Total | General | Specific Purpose | Endowment | Property | Total |
| Revenue: | | | | | | | | | | |
| Fundraising - donations | \$ 71,695 | \$ 18,733,305 | \$ - | \$ - | \$ 18,805,000 | \$ 373,800 | \$ 13,704,317 | \$ - | \$ - | \$ 14,078,117 |
| Fundraising – special events | 472 | 1,996,853 | - | - | 1,997,325 | 1,749 | 1,659,783 | - | - | 1,661,532 |
| Investment income | 3,281,815 | 488,032 | 2,026,743 | - | 5,796,590 | 2,446,143 | - | 1,800,862 | - | 4,247,005 |
| Estate gifts | 4,886,198 | 1,464,018 | - | - | 6,350,216 | 5,394,753 | 1,305,803 | 250,000 | - | 6,950,556 |
| Other | 212,306 | - | - | - | 212,306 | 114,471 | - | - | - | 114,471 |
| | 8,452,486 | 22,682,208 | 2,026,743 | - | 33,161,437 | 8,330,916 | 16,669,903 | 2,050,862 | - | 27,051,681 |
| Expenses and distributions: | | | | | | | | | | |
| Distributions (notes 9 and 10) | 991 | 9,601,941 | - | - | 9,602,932 | 8,228 | 12,527,943 | - | - | 12,536,171 |
| Administrative expenses (note 12) | 1,719,760 | - | - | - | 1,719,760 | 1,563,391 | - | - | - | 1,563,391 |
| Fundraising expenses (note 13) | 461,587 | 261,139 | - | - | 722,726 | 386,187 | 292,299 | - | - | 678,486 |
| Investment management fees | - | - | 290,077 | - | 290,077 | - | - | 296,042 | - | 296,042 |
| | 2,182,338 | 9,863,080 | 290,077 | - | 12,335,495 | 1,957,806 | 12,820,242 | 296,042 | - | 15,074,090 |
| Excess of revenue over expenses and distributions for the year, before the undernoted | 6,270,148 | 12,819,128 | 1,736,666 | - | 20,825,942 | 6,373,110 | 3,849,661 | 1,754,820 | - | 11,977,591 |
| Gains (losses) on investments (note 11) | - | - | 4,323,152 | - | 4,323,152 | - | - | (6,944,654) | - | (6,944,654) |
| Excess of revenue over expenses and distributions for the year | 6,270,148 | 12,819,128 | 6,059,818 | - | 25,149,094 | 6,373,110 | 3,849,661 | (5,189,834) | - | 5,032,937 |
| Fund balances, beginning of year | 2,046,868 | 123,693,193 | 54,602,663 | 555,974 | 180,898,698 | 2,921,105 | 116,369,539 | 56,019,143 | 555,974 | 175,865,761 |
| Transfer of funds (note 14) | (3,643,171) | 3,978,311 | (335,140) | - | - | (7,247,347) | 3,473,993 | 3,773,354 | - | - |
| Fund balance, end of year | \$ 4,673,845 | \$ 140,490,632 | \$ 60,327,341 | \$ 555,974 | \$ 206,047,792 | \$ 2,046,868 | \$ 123,693,193 | \$ 54,602,663 | \$ 555,974 | \$ 180,898,698 |

See accompanying notes to financial statements.

LIONS GATE HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

| | 2023 | 2022 |
|--|---------------|--------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | \$ 25,149,094 | \$ 5,032,937 |
| Items not affecting cash: | | |
| Change in unrealized (gains) losses on investments (note 11) | (3,050,334) | 8,845,790 |
| Realized investment income and gains reinvested | (3,009,484) | (3,405,957) |
| Interest income reinvested | 633,427 | (1,861,384) |
| | 19,722,703 | 8,611,386 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (212,306) | 157,261 |
| Prepaid expenses | (7,374) | (12,917) |
| Accounts payable and accrued liabilities | (790,623) | 112,288 |
| Retiring allowance | (3,632) | 8,878 |
| | 18,708,768 | 8,876,896 |
| Investing activities: | | |
| Purchase of endowment fund investments | (1,764,860) | (6,023,353) |
| Purchase of short and long-term investments | (84,467,896) | (10,681,167) |
| Proceeds from disposition of endowment fund investments | 2,100,000 | 2,000,000 |
| Proceeds from disposition of short and long-term investments | 63,994,056 | 4,622,287 |
| | (20,138,700) | (10,082,233) |
| Decrease in cash and cash equivalents | (1,429,932) | (1,205,337) |
| Cash and cash equivalents, beginning of year | 2,649,302 | 3,854,639 |
| Cash and cash equivalents, end of year | \$ 1,219,370 | \$ 2,649,302 |

See accompanying notes to the financial statements.

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

1. Nature of operations:

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

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 in Part III of the CPA Canada Handbook - *Accounting*.

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 contributions. Under this method, restricted contributions are recorded as revenue of the restricted fund to which they relate. Accordingly, resources are classified for accounting and reporting purposes into funds, according to the activity or objective specified. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the “Board”).

Transfers between unrestricted funds and restricted funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain transfer of funds are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These transfers of funds, if any, are recorded in the Statement of Operations and Changes in Fund Balances (note 14).

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

3. Significant accounting policies (continued):

(a) Fund accounting (continued):

For financial reporting purposes, the accounts have been classified into the following funds:

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.

Specific Purpose Funds - The Specific Purpose Funds are restricted and include those amounts received and distributed by the Foundation for specified purposes. These funds may also include transfers from other funds, as approved by 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. Income earned and investment fair value changes on endowment investments are recorded as part of Endowment Fund and are subject to any spending specifications in accordance with the donors deed of gift or as approved by the Board.

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.

(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 3,679 volunteer hours (2022 - 3,459) 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 grants are provided to Vancouver Coastal Health ("VCH") for expenditures incurred.

(e) Cash and cash equivalents:

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

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

3. Significant accounting policies (continued):

(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 Operations and Changes in Fund Balances.

Short-term and long-term investments - 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. Term deposits are recorded at amortized cost.

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 gains (losses) on 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. 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.

(i) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. 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.

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

3. Significant accounting policies (continued):

(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.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value with the exception of term deposits, which are held at amortized cost. The estimated fair values of these financial instruments approximate their book values due to their short-term nature.

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.

Financial assets carried at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

4. Restricted cash and cash equivalents:

Included in cash and cash equivalents is \$71,935 (2022 - \$38,234) that is restricted for the Foundation's lotteries as required under the BC Gaming licenses.

5. Investments held at amortized cost:

Short-term investments mature from November 2023 to April 2024 with interest rates ranging from 1.55% per annum to 5.71% per annum.

Long-term investments mature from July 2024 to April 2027 with interest rates ranging from 0.89% per annum to 5.92% per annum.

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

6. Endowment fund investments held at fair value:

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

| | 2023 | | 2022 | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | Fair value | Cost | Fair value | Cost |
| Cash and money market funds | \$ 1,940,689 | \$ 1,941,341 | \$ 2,300,241 | \$ 2,300,687 |
| Bond funds | 20,660,504 | 22,773,102 | 19,135,682 | 21,556,378 |
| Equity funds: | | | | |
| Canadian | 11,110,723 | 9,141,354 | 10,179,763 | 8,882,522 |
| International | 26,615,425 | 22,736,449 | 22,986,977 | 21,178,314 |
| | \$ 60,327,341 | \$ 56,592,246 | \$ 54,602,663 | \$ 53,917,901 |

The Endowment Fund comprises the following:

| | Original donation/ bequest | Balance June 30, 2022 | Donations/ transfer in | Donations/ transfer out | Investment income | Investment management fees | Fair value change in investments | Balance June 30, 2023 |
|-----------------------|-------------------------------|-----------------------------|---------------------------|----------------------------|----------------------|----------------------------------|--|-----------------------------|
| Externally restricted | \$ 12,804,990 | \$ 16,723,450 | \$ - | \$ - | \$ 632,517 | \$ (89,133) | \$ 1,347,121 | \$ 18,613,955 |
| Internally restricted | 27,600,248 | 37,879,213 | 1,564,860 | (1,900,000) | 1,394,226 | (200,944) | 2,976,031 | 41,713,386 |
| | \$ 40,405,238 | \$ 54,602,663 | \$ 1,564,860 | \$ (1,900,000) | \$ 2,026,743 | \$ (290,077) | \$ 4,323,152 | \$ 60,327,341 |

Included in the externally restricted Endowment Fund is \$4,630,517 (2022 -\$3,998,000) in accumulated investment income subject to specific use in accordance with the donor deed of gift.

7. 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 9 (c)).

8. Donated assets:

As at June 30, 2023, the Foundation has recorded the art collection at a nominal value of \$1 on the Statement of Financial Position. The Foundation has 659 (2022 - 634) works of art in the collection valued at approximately \$1,864,000 (2022 - \$1,755,000) at the time of receipt. Additionally, 30 (2022 - 29) works of art are on loan to the Foundation, valued at approximately \$150,000 (2022 - \$149,000). Donations of artwork received during the year totaled \$96,115 (2022 - \$118,769).

9. 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.

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

9. Related party transactions (continued):

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

| | 2023 | 2022 |
|-------------------------------------|---------------------|----------------------|
| ED Mental Health Campaign | \$ 2,876,446 | \$ 372,563 |
| Surgery | 2,042,026 | 1,694,379 |
| ADHD Pilot Program | 987,535 | 254,850 |
| Critical Care Campaign | 781,989 | 7,247,487 |
| Radiology | 562,942 | 245,661 |
| COVID-19 NS Emergency Response Fund | 513,999 | 415,007 |
| Other projects less than \$500,000 | 1,837,995 | 2,306,224 |
| | \$ 9,602,932 | \$ 12,536,171 |

(b) Included in accounts payable and accrued liabilities is \$246,764 (2022 - \$285,921) due to VCH relating to the reimbursement of Foundation operating expenses paid or payable by VCH on behalf of the Foundation and \$222,901 (2022 - \$1,011,484) due to VCH for capital expenditures for Lions Gate Hospital. Included within the payables of VCH are payroll taxes of \$12,004 (2022 - \$11,704) 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 7).

(d) VCH provides the Foundation with office premises, certain office equipment, and administrative services including accounting services, use of payroll and benefit administration, and information technology support at no cost to the Foundation.

10. Specific Purpose Funds:

| | Balance June 30, 2022 | Donations / transfers | Distributions | Fundraising / administrative expenses | Balance June 30, 2023 |
|--|-----------------------------|--------------------------|-----------------------|---|-----------------------------|
| Paul Myers Tower Fund | \$ 87,967,720 | \$ 8,058,802 | \$ (242) | \$ - | \$ 96,026,280 |
| Technology Campaign Fund | 1,941,641 | 11,515,881 | (418) | - | 13,457,104 |
| MRI Campaign | 6,725,058 | 179,429 | - | - | 6,904,487 |
| Technology & Innovation Fund | 3,768,058 | (118,000) | (95,886) | - | 3,554,172 |
| Angio/Interventional Radiology | 2,129,826 | 1,208,511 | (33,232) | - | 3,305,105 |
| West Van Adult Day Care | 1,516,383 | 204,261 | - | - | 1,720,644 |
| Equipment - General Designated | 865,989 | 609,616 | - | - | 1,475,605 |
| Emergency Department Mental Health Campaign | 4,203,745 | 100,100 | (2,876,447) | - | 1,427,398 |
| Palliative/Hospice Fund | 1,040,941 | 651,480 | (401,655) | - | 1,290,766 |
| Surgery | 2,134,320 | 1,151,367 | (2,042,027) | - | 1,243,660 |
| COVID-19 NS Emergency Response Fund | 1,478,958 | - | (513,999) | - | 964,959 |
| Building Fund | 881,145 | - | - | - | 881,145 |
| Critical Care Unit | - | 1,326,582 | (781,989) | - | 544,593 |
| Radiology | 908,860 | 42,500 | (562,942) | - | 388,418 |
| ADHD Pilot Program | 1,002,573 | 20,300 | (987,535) | - | 35,338 |
| Evening Gala | 544,853 | (428,013) | (14,007) | (79,919) | 22,914 |
| Other (a) | 6,583,123 | 2,137,703 | (1,291,562) | (181,220) | 7,248,044 |
| | \$ 123,693,193 | \$ 26,660,519 | \$ (9,601,941) | \$ (261,139) | \$ 140,490,632 |

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

10. Specific Purpose Funds (continued):

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

11. Gains (losses) on investments:

| | 2023 | 2022 |
|-------------------------------------|---------------------|-----------------------|
| Realized gains | \$ 1,272,818 | \$ 1,901,136 |
| Change in unrealized gains (losses) | 3,050,334 | (8,845,790) |
| | <u>\$ 4,323,152</u> | <u>\$ (6,944,654)</u> |

12. Administrative expenses:

| | 2023 | 2022 |
|---------------------------------|---------------------|---------------------|
| Salaries and benefits | \$ 1,502,008 | \$ 1,366,495 |
| Banking and credit card charges | 66,608 | 58,205 |
| General administration | 60,950 | 48,675 |
| Legal and audit | 38,871 | 35,331 |
| Insurance | 45,367 | 45,450 |
| Professional development | 5,956 | 9,235 |
| | <u>\$ 1,719,760</u> | <u>\$ 1,563,391</u> |

13. Fundraising expenses:

| | 2023 | 2022 |
|-------------------------------------|-------------------|-------------------|
| Special events | \$ 364,967 | \$ 316,155 |
| Direct mail | 167,368 | 143,961 |
| Print and electronic communications | 136,818 | 174,234 |
| Donor development and recognition | 48,345 | 36,933 |
| Planned giving | 5,228 | 7,203 |
| | <u>\$ 722,726</u> | <u>\$ 678,486</u> |

14. Transfer of funds:

| | General | Specific Purpose | Endowment | Total |
|-----------------------------------|-----------------------|---------------------|---------------------|-------------|
| Transfer from: | | | | |
| General to Endowment (a) | \$ (1,564,860) | \$ - | \$ 1,564,860 | \$ - |
| General to Specific Purpose (b) | (2,078,311) | 2,078,311 | - | - |
| Endowment to Specific Purpose (c) | - | 1,900,000 | (1,900,000) | - |
| | <u>\$ (3,643,171)</u> | <u>\$ 3,978,311</u> | <u>\$ (335,140)</u> | <u>\$ -</u> |

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

14. Transfer of funds (continued):

- (a) *Transfer from General to Endowment* represents transfers of estate gifts as approved by the Board.
- (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.

15. 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, 2023 amount to \$60,700 (2022 - \$60,700).

16. Commitments:

| | 2023 |
|---|----------------------------|
| Paul Myers Tower | \$ 96,773,992 |
| Technology Transformation Campaign | 20,000,000 |
| Second MRI | 6,998,252 |
| Angio/Interventional Radiology Campaign | 5,800,000 |
| West Vancouver Adult Day Program | 3,650,000 |
| Hospice Nursing Station Renovation | 936,723 |
| ED Mental Health Campaign | 803,990 |
| Neurosurgery Equipment | 735,619 |
| Critical Care Unit | 540,322 |
| 7W Palliative Unit Renovation | 529,453 |
| Infection Prevention and Control Initiative | 124,150 |
| Pediatric Mental Health Project | 84,039 |
| Minimally Invasive Surgical Equipment | 45,353 |
| Other commitments | 3,142,715 |
| | <hr/> \$ 140,164,608 <hr/> |

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.

17. Financial risks:

- (a) 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.

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

17. Financial risks (continued):

(a) Market risk (continued):

i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect their fair value or future cash flows of financial instruments held by the Foundation. Fixed rate instruments are subject to fair value risks while floating rate instruments are subject to cashflow risks. The risk arises primarily on interest-bearing financial instruments held in pooled money market and bond funds as disclosed in note 6 and short and long-term investments held in fixed interest certificates as disclosed in note 5.

ii) 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 5. Management frequently reviews exchange rates to mitigate risk to the Foundation.

iii) 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.

(b) Credit risk:

Credit risk is the risk of loss resulting from the failure of an individual or group to honour their financial obligations. The Foundation is exposed to credit risk with respect to cash and cash equivalents, investments, and accounts receivables. The Foundation's receivables are not significant. The Foundation assesses amounts receivable for impairment and makes provisions as required. Cash and cash equivalent, term deposits, and investments are held with major banks and other reputable financial institutions. 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.

(c) 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. The Foundation prepared a budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There are no significant changes to the financial risks from prior year.

LIONS GATE HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended June 30, 2023

18. Remuneration disclosure under *Societies Act* (British Columbia):

Remuneration paid to employees and contractors:

For the fiscal year ending June 30, 2023, the Foundation paid total remuneration of \$780,899 (2022 - \$600,002) to six (2022 - four) employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

Remuneration paid to directors:

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