

Financial Statements of

**VGH & UBC HOSPITAL FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the Members of the VGH & UBC Hospital Foundation

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the financial statements of VGH & UBC Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021;
- 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 the 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 Entity as at March 31, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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.

### ***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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' 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 auditors' 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Entity 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 (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Vancouver, Canada  
June 15, 2021

# VGH & UBC HOSPITAL FOUNDATION

## Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,321,107	\$ 12,741,895
Portfolio investments (note 5)	174,507,297	177,023,198
Long-term investment - preferred shares (note 7)	2,000,000	1,500,000
Accounts receivable and prepaids (note 6)	1,437,633	1,784,456
Investments in prize home	1,560,167	1,560,167
	<u>194,826,204</u>	<u>194,609,716</u>
Capital assets (note 8)	407,318	498,299
Restricted cash and cash equivalents	14,075,713	10,187,453
Long-term investment - preferred shares (note 7)	15,363,000	16,584,000
Donated assets	7,043,414	6,865,981
Endowment investments (note 9(a))	128,980,727	84,726,002
Vancouver Foundation investments (note 9(b))	578,921	553,984
	<u>\$ 361,275,297</u>	<u>\$ 314,025,435</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 4,369,984	\$ 3,068,643
Due to Vancouver Coastal Health Authority (note 10)	6,475,758	4,614,784
	<u>10,845,742</u>	<u>7,683,427</u>
Fund Balances:		
General Fund:		
Invested in capital assets (note 8)	407,318	498,299
Vancouver Foundation Endowment Fund (note 9(b))	578,921	553,984
Unrestricted	61,044,632	52,426,182
	<u>62,030,871</u>	<u>53,478,465</u>
Restricted Funds:		
Endowment (note 9(a))	128,980,727	84,726,002
Specific Purpose	159,417,957	168,137,541
	<u>288,398,684</u>	<u>252,863,543</u>
	<u>350,429,555</u>	<u>306,342,008</u>
	<u>\$ 361,275,297</u>	<u>\$ 314,025,435</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
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Director

# VGH & UBC HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances  
Year ended March 31, 2021, with comparative information for 2020

	General Fund		Restricted Funds - Endowment		Restricted Funds - Specific Purpose		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenue:</b>								
Donations	\$ 6,410,736	\$ 5,429,573	\$ 4,193,670	\$ 2,792,626	\$ 38,433,565	\$ 31,930,478	\$ 49,037,971	\$ 40,152,677
Lotteries	-	-	-	-	25,411,466	24,207,883	25,411,466	24,207,883
Other fundraising	489,357	1,327,303	-	-	620,297	2,382,222	1,109,654	3,709,525
Portfolio investment income (note 13)	6,261,630	4,964,385	371	4,176	5,324,657	5,067,027	11,586,658	10,035,588
Other income (note 14)	3,145,495	5,888,483	-	-	(1,531,707)	(1,462,058)	1,613,788	4,426,425
	16,307,218	17,609,744	4,194,041	2,796,802	68,258,278	62,125,552	88,759,537	82,532,098
<b>Expenses:</b>								
Foundation operations	10,850,204	10,289,643	-	-	-	-	10,850,204	10,289,643
Community awareness and public engagement	940,402	1,131,168	-	-	-	-	940,402	1,131,168
	11,790,606	11,420,811	-	-	-	-	11,790,606	11,420,811
Canada Emergency Wage Subsidy (note 18)	(1,135,917)	-	-	-	-	-	(1,135,917)	-
	10,654,689	11,420,811	-	-	-	-	10,654,689	11,420,811
Lotteries	-	-	-	-	14,485,310	17,233,325	14,485,310	17,233,325
Other fundraising	157,559	1,099,763	-	-	72	236,811	157,631	1,336,574
Transfer to qualified donees (note 3)	-	-	-	-	137,547	200,000	137,547	200,000
<b>Grants to Vancouver Coastal Health Authority:</b>								
Equipment and capital projects	-	772,645	-	-	13,486,471	32,394,130	13,486,471	33,166,775
Education, research, patient care and other	778,854	1,156,421	-	-	27,028,448	23,839,731	27,807,302	24,996,152
	778,854	1,929,066	-	-	40,514,919	56,233,861	41,293,773	58,162,927
	11,591,102	14,449,640	-	-	55,137,848	73,903,997	66,728,950	88,353,637
Excess (deficiency) of revenue over expenses before change in fair value of investments	4,716,116	3,160,104	4,194,041	2,796,802	13,120,430	(11,778,445)	22,030,587	(5,821,539)
Change in fair value of investments	8,064,689	(2,874,445)	13,992,271	(6,059,350)	-	-	22,056,960	(8,933,795)
Excess (deficiency) of revenue over expenses	12,780,805	285,659	18,186,312	(3,262,548)	13,120,430	(11,778,445)	44,087,547	(14,755,334)
Interfund transfers (note 4)	(4,228,399)	(2,371,294)	26,068,413	1,921,752	(21,840,014)	449,542	-	-
Net increase (decrease) in fund balances	8,552,406	(2,085,635)	44,254,725	(1,340,796)	(8,719,584)	(11,328,903)	44,087,547	(14,755,334)
Fund balances, beginning of year	53,478,465	55,564,100	84,726,002	86,066,798	168,137,541	179,466,444	306,342,008	321,097,342
Fund balances, end of year	\$ 62,030,871	\$ 53,478,465	\$ 128,980,727	\$ 84,726,002	\$ 159,417,957	\$ 168,137,541	\$ 350,429,555	\$ 306,342,008

See accompanying notes to financial statements.

# VGH & UBC HOSPITAL FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 44,087,547	\$ (14,755,334)
Items not involving cash:		
Change in fair value of investments	(22,056,960)	8,933,795
Change in fair value of preferred shares	(779,000)	(448,000)
Amortization	232,017	278,569
Donated assets	(177,433)	(647,613)
Gain on disposal of investments	(2,876,066)	(1,757,172)
Loss on sale of prize home	-	154,998
Management fees on investments	454,324	468,375
Receipt of investments as donations	(4,049,013)	(5,171,321)
	14,835,416	(12,943,703)
Proceeds on sale of prize home	-	1,445,002
	14,835,416	(11,498,701)
Changes in non-cash operating items:		
Accounts receivable and prepaids	346,823	230,980
Accounts payable and accrued liabilities	1,301,341	515,048
Due to Vancouver Coastal Health Authority	1,860,974	(1,519,646)
	18,344,554	(12,272,319)
Investing:		
Reinvestment of investment income	(8,675,728)	(7,922,395)
Proceeds on redemption of preferred shares	1,500,000	1,500,000
Proceeds on sale of investments	3,638,500	3,885,847
Sale (purchase) of portfolio investments	(8,198,818)	16,018,360
Change in restricted cash and cash equivalents	(3,888,260)	(1,646,375)
Purchase of capital assets	(141,036)	(120,271)
	(15,765,342)	11,715,166
Increase (decrease) in cash and cash equivalents	2,579,212	(557,153)
Cash and cash equivalents, beginning of year	12,741,895	13,299,048
Cash and cash equivalents, end of year	\$ 15,321,107	\$ 12,741,895

See accompanying notes to financial statements.

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2021

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## 1. Organization:

The VGH & UBC Hospital Foundation (the "Foundation") was incorporated in 1980 and is registered under the Societies Act (British Columbia).

The Foundation is an independent charitable organization with a principal purpose to raise funds for furthering the interests and objectives of Vancouver Acute (the "Hospital", comprised of Vancouver General Hospital, UBC Hospital, GF Strong Rehab Centre, Vancouver Coastal Health Research Institute and related Health Care operations), a component of Vancouver Coastal Health Authority ("VCHA"), in its mission of patient care, teaching and research.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Governments worldwide, including the Canadian federal and provincial governments, enacted emergency measures to combat the spread of the virus. 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.

## 2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook - *Accounting* and include the following significant accounting policies:

### (a) Revenue recognition and fund accounting:

The Foundation follows the restricted fund method of accounting for contributions, thereby recognizing restrictions specified by donors on the use of resources, including contributions and restricted investment income. The fund classifications are:

#### (i) General Fund:

Donations not specifically designated by donors, unrestricted investment income, unrestricted investment income on specific purpose funds, unrestricted current fundraising event proceeds, administrative fees charged to restricted gifts and events, and amounts held by the Vancouver Foundation but available for withdrawal (note 2(a)(ii)), are allocated to the General Fund. Administrative costs pertaining to the Foundation are primarily funded through the General Fund, with the remainder financed through investment income of certain Specific Purpose Funds.

#### (ii) Restricted Funds:

Restricted Funds relate to research, patient care, education, equipment and facility initiatives. Specific Purpose Funds relate to funds specifically designated by donors, current fundraising event proceeds, as well as restricted investment income earned on Endowment Funds.

Contributions of irrevocable charitable remainder trusts are recognized as revenue in Specific Purpose Funds - Other in the year of the contribution at their fair value as determined by an actuary. In subsequent years, they are recorded at amortized cost which approximates fair value.



# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 2. Significant accounting policies (continued):

### (a) Revenue recognition and fund accounting (continued):

#### (ii) Restricted Funds (continued):

Administration fees are charged to restricted gifts and events that are complex, requires naming recognition or individual plaques. These fees are recorded in other income in the general fund at time the related gifts are received or at the time event has been completed.

Endowment Funds represent funds that are permanently restricted either by the donor or internally by the Foundation; encroachment of capital can only occur in accordance with the endowment agreement or Board policy, as applicable.

Contributions for endowment are recognized as revenue in the endowment funds.

### (b) Accrual basis:

The accrual basis of accounting is used for reporting revenue when the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and grants are generally recorded on a cash basis.

### (c) Deferred revenue:

Deferred revenue represents sponsorship monies received in advance of related events.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all its investments at fair value, except guaranteed investment certificates and private shares, which are held at cost.

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

Financial assets recorded at cost or 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.

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 2. Significant accounting policies (continued):

### (e) Cash and cash equivalents:

Cash and cash equivalents and restricted cash and cash equivalents consist of cash and highly liquid investments with major financial institutions that are readily convertible to contracted amounts of cash and with maturities at the date of acquisition of less than three months. Restricted cash and cash equivalents are comprised of funds earned under lottery licenses issued by the Gaming Policy and Enforcement Branch to be used for specific purposes.

### (f) Parkade Trust:

The Foundation has a controlling interest in 578583 B.C. Ltd., the bare trustee of the VGH Parkade Trust (the "Trust") (note 12). The Trust distributes the net revenue derived from the operation of the VGH's parking lot facility to the Foundation and is recorded as revenue in the general fund. The Foundation does not consolidate 578583 B.C. Ltd.'s nor the Trust's financial statements. Accordingly, the assets, liabilities, revenue and expenses of these entities are not included in the Foundation's financial statements.

### (g) Investment in prize home:

Investment in prize home is recorded at the cost of acquisition. At each reporting date, the investment in prize home is reviewed to assess whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment, if any.

### (h) Capital assets:

Capital assets are recorded at cost less accumulated amortization. When a capital asset no longer contributes to the Foundation's ability to provide services, the excess of the net carrying amount over the fair value or replacement cost is recognized as an expense in the statement of operations. Amortization is provided using the straight-line method over the estimated useful life, with amortization taken in the year the assets are put into use, as follows:

Asset	Years
Furniture and fixtures	5
Computer equipment	3

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### (i) Donated assets:

Donated assets consist primarily of donated artwork. Donated assets are recorded at the appraised value at the date of receipt and are not depreciated. Donated artwork is used for display throughout the hospital to enhance the environment for the benefit of patients, their families, staff and visitors.

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 2. Significant accounting policies (continued):

### (j) Donated assets:

The Foundation manages and cares for its collection of artwork under the Art Collection Management policy and records such assets at either cost or nominal value. The cost of contributed artwork is deemed to be fair value at the date of contribution. When the cost cannot be reasonably determined for a contributed item, the item is recorded at nominal value. In addition, collections are written down when there is evidence that the carrying amount exceed fair value.

### (j) Contributed materials and services:

The Foundation records the fair value of contributed materials that qualify for receipted in-kind donations, where such fair value is determinable, and would otherwise have been purchased, as revenue along with a corresponding expense.

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

### (k) Income taxes:

The Foundation is a charitable organization registered under the Income Tax Act and, as such, is exempt from income and capital taxes and is able to issue donation receipts for income tax purposes.

### (l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Areas of estimation include the valuation of the long-term investments held in preferred shares, art and other in-kind donations. Actual results could differ from these estimates.

### (m) Affiliated entity:

The Foundation does not consolidate the financial statements of Friends of VGH & UBC Hospital Foundation, an affiliated entity (note 16).

## 3. Transfer to qualified donees:

In the current year, a transfer to a qualified donee, Urban Indigenous Health & Healing Co-operative, in the amount of \$137,547 was made in accordance with directions from the donor. During 2020, there was a transfer to a qualified donee, Villa Cathay Care Home Society for \$200,000.

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 4. Interfund transfers:

To meet the objectives of financial reporting and stewardship over the general, endowment and specific purpose funds, transfers between the funds are made when it is considered appropriate and approved by either the donor or the Board. These interfund transfers are recorded in the statement of operations and changes in fund balances.

## 5. Portfolio investments:

	2021	2020
Investments held at fair value:		
Canadian money market funds	\$ 1,185,509	\$ 1,598,492
Canadian fixed income funds	127,386,173	122,960,350
Canadian equity funds	54,217,075	39,263,865
Canadian real estate funds	47,161,592	47,905,504
Global equity funds	52,289,919	36,388,717
Infrastructure funds	7,402,029	-
Endowment investments (note 9)	(128,980,727)	(84,726,002)
Total investments held at fair value	160,661,570	163,390,926
Investments held at cost:		
Guaranteed investment certificates	13,445,727	13,232,272
Private shares	400,000	400,000
Total investments held at cost:	13,845,727	13,632,272
Total portfolio investments	\$ 174,507,297	\$ 177,023,198

The Foundation has investment commitments relating to infrastructure investments that can be drawn on demand.

## 6. Accounts receivable and prepaids:

	2021	2020
Parkade Trust (note 12)	\$ -	\$ 464,877
Prepaid expenses	457,254	223,090
Sales tax rebates	852,638	857,791
Other	127,741	238,698
	\$ 1,437,633	\$ 1,784,456

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 7. Investment in preferred shares at fair value:

	2021	2020
Donated preferred shares, opening balance	\$ 18,084,000	\$ 19,136,000
Fair value adjustment in year	779,000	448,000
Less redemption in year	(1,500,000)	(1,500,000)
Donated preferred shares, ending balance	17,363,000	18,084,000
Current portion	(2,000,000)	(1,500,000)
Long-term portion	\$ 15,363,000	\$ 16,584,000

On September 15, 2017, the Foundation received a donation of preferred shares of a private entity. These shares will be redeemed over a nine-year period, once per year, at predetermined amounts totaling \$22,500,000. The preferred shares were recorded at their appraised fair value at the time of donation and are remeasured annually based on the estimated discounted present value of the expected future redemption amounts to be received. As \$2,000,000 is scheduled to be redeemed in the next fiscal year, this amount has accordingly been classified as current investments (2020 - \$1,500,000).

## 8. Capital assets and net assets invested in capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 1,342,431	\$ (975,301)	\$ 367,130	\$ 446,906
Computer equipment	97,746	(57,558)	40,188	51,393
	\$ 1,440,177	\$ (1,032,859)	\$ 407,318	\$ 498,299

Changes in net assets invested in capital assets are as follows:

	2021	2020
Opening balance	\$ 498,299	\$ 656,597
Amortization	(232,017)	(278,569)
Additions	141,036	120,271
Ending balance	\$ 407,318	\$ 498,299

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 9. Endowment funds:

(a) The Foundation holds endowment funds for purposes as outlined below:

	2021	2020
Specific Purpose (note 2(a)(ii)):		
Education	\$ 4,225,027	\$ 3,804,603
Equipment	162,983	147,355
Patient care	1,205,052	1,089,500
Research	80,303,275	71,902,430
Other	43,084,390	7,782,114
	<u>\$ 128,980,727</u>	<u>\$ 84,726,002</u>

(b) Under an agreement with the Vancouver Foundation, an Endowment Fund, managed by the Vancouver Foundation, was established in 1981. The original \$475,100 capital of the Vancouver Foundation Endowment Fund consists of \$260,000 contributed by the Foundation, \$210,000 contributed by the Vancouver Foundation and \$5,100 received from other contributors. Subsequent to the initial capital, \$31,980 has been received from other contributors.

The Vancouver Foundation Endowment Fund is invested in the Vancouver Foundation's pooled investment balanced fund. At March 31, 2021, the fund has a fair value of \$1,003,933 (2020 - \$843,913), of which \$578,921 (2020 - \$553,984) is available for withdrawal by the Foundation.

Any income distributed from the fund is recognized as investment income in the General Fund.

The rights of withdrawal from this Fund, in any particular year, are restricted to 20% of the units representing the portion of the Fund's balance accumulated through the Foundation's contributions, provided such contributions have been a part of the Fund for at least 10 years. The amount contributed by the Vancouver Foundation is not available to be withdrawn by the Foundation. Currently, all amounts in this endowment fund contributed by the Foundation have been held for the minimum ten-year period and are thus eligible for withdrawal at 20% per year. However, of the initial capital contribution made by the Foundation, \$10,000 is excluded from the amount subject to withdrawal as it is to be retained permanently by the Vancouver Foundation. No withdrawals have been made as of March 31, 2021 (2020 - nil).

## 10. Due to Vancouver Coastal Health Authority:

The amount due to VCHA relates to unpaid, non-reciprocal, irrevocable obligations for qualifying expenditures made by VCHA. The amount is without interest or specific terms of maturity.

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 11. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$186,682 (2020 - \$157,953), which includes amounts payable for payroll related taxes and contributions. At March 31, 2021, all federal payroll remittances payable are current.

## 12. VGH Parkade Trust:

The Trust was created by agreement between the Vancouver Coastal Health Authority ("VCHA") and the Foundation. The current agreement expires March 29, 2031. The Trust holds the beneficial interest in VGH's parking lot facility and until August 31, 2019, owned 100% of the shares of VGH Gift Shop Ltd. (the "Gift Shop"). On September 01, 2019, all the assets and liabilities of the Gift Shop were transferred to the Hospital. The bare trustee of the Trust is 578583 B.C. Ltd., a corporation in which the Foundation has a controlling interest. As at March 31, 2021, \$nil receivable from the Trust (2020 - \$464,877) is included in accounts receivable (note 6).

In April 2020, the B.C. government suspended pay parking at hospitals and other health facilities amid the COVID-19 crisis. With free parking, the Parkade operations suffered losses resulting in no distributions available. The amount of \$464,877 due from VGH Parkade Trust was deemed not collectible and hence has been written off in the current fiscal year (note 14).

The Trust's financial position as at March 31, 2021 and results of operations for the year ended March 31, 2021 are as follows:

	2021	2020
	(Unaudited)	(Unaudited)
Total assets	\$ 4,392,119	\$ 5,157,539
Total liabilities	4,592,928	4,692,662
Net assets (liabilities)	\$ (200,809)	\$ 464,877
Statement of operations:		
Total revenue	\$ (7,932)	\$ 3,015,006
Total expenses	857,404	1,296,627
Undistributable net loss from operations	(865,336)	-
Net earnings distributable to the Foundation	\$ -	\$ 1,718,379

## 13. Investment income:

Investment income is comprised of the following:

	2021	2020
Interest and dividends	\$ 8,710,592	\$ 8,278,416
Net realized gains on investments	2,876,066	1,757,172
	\$ 11,586,658	\$ 10,035,588

# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

## 14. Other income (expense):

			2021	2020
	General Fund	Restricted Funds - Specific Purpose	Total	Total
Net earnings distributable to the Foundation (note 12)	\$ -	\$ -	\$ -	\$ 1,718,379
Write-off amount due from VGH Parkade Trust (note 12)	(464,877)	-	(464,877)	-
Fund management fees	1,878,591	(1,878,591)	-	-
Fundraising recoveries	1,130,965	-	1,130,965	1,877,136
Loss on sale of prize home	-	-	-	(154,998)
Other income	600,816	346,884	947,700	985,908
	\$ 3,145,495	\$ (1,531,707)	\$ 1,613,788	\$ 4,426,425

## 15. Related party transactions:

### (a) Vancouver Coastal Health Authority:

The Foundation receives administrative support from VCHA without charge. In addition, the Foundation's administrative offices are located in facilities owned by VCHA. No amounts are charged for premises rent. Due to the difficulty in determining the fair values of these services and rentals, no related amount has been recorded in these financial statements.

### (b) Directors and Officers:

During the year, the directors and officers of the organization made donations totaling \$748,810 (2020 - \$466,337) to the Foundation.

## 16. Affiliated organization:

### *Friends of VGH & UBC Hospital Foundation:*

The Foundation established a non-profit corporation, Friends of VGH & UBC Hospital Foundation ("Friends"), in Washington State, USA, in 1998. Friends is recognized as a charitable organization under section 501(c)(3) of the U.S. Internal Revenue Service code and is able to provide written substantiation of gifts in order to allow donors to Friends to deduct their donations for U.S. federal income tax purposes. Donated funds raised by Friends, with unanimous ratification by its board of directors, are granted to the Foundation. Friends' financial position and results of operations are not included in the Foundation's financial statements. As at March 31, 2021, Friends had no significant assets or liabilities.

During the year, the Foundation received grants of nil (2020 - \$650,556) from Friends.



# VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## 17. Disclosure of remuneration:

For the fiscal year ending March 31, 2021, the Foundation paid total remuneration of \$2,457,134 (2020 - \$2,610,842) to the top ten employees and contractors for services, each of whom received total remuneration of \$75,000 or greater. No remuneration was paid to any members of the Board of Directors/Trustees with the exception of the Secretary who is also an employee of the Foundation. The Secretary's remuneration is included in the above employee remuneration disclosure and no other remuneration amounts are paid in addition.

## 18. Canada Emergency Wage Subsidy:

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist eligible organizations who had lost a certain percentage of their qualifying revenue. During the fiscal year ended March 31, 2021, the Foundation filed eligible CEWS claims totaling \$1,135,917 which have been recognized as an expense recovery in the Statement of Operations. As at March 31, 2021, all amounts claimed and recognized have been received with no amounts outstanding.

## 19. Financial risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to accounts receivable. The Foundation assesses accounts and other amounts receivable for impairment and makes provisions as required.

### (c) Market and interest rate risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include equity price risk, currency risk and interest rate risk. The Foundation's exposure to equity price risk is primarily attributable to fluctuations in quoted market prices of listed investments. The investment held in preferred shares are not exposed to any significant market risks as they are subject to set scheduled redemption amounts.

The Foundation is exposed to interest rate risk on its fixed interest rate investments. Fixed-interest instruments subject the Foundation to a fair value risk. The Foundation is exposed to this risk as a result of investments in money market and bond funds.

The risks associated with investments are managed through the Foundation's established investment policy.

# **VGH & UBC HOSPITAL FOUNDATION**

Notes to Financial Statements (continued)

Year ended March 31, 2021

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## **19. Financial risks (continued):**

(d) Other risks:

The Foundation believes that it is not exposed to significant currency or cash flow risk arising from its financial instruments.

There has been no significant changes to the financials risk exposures outlined above from 2020 other than the potential impact from the on-going COVID-19 pandemic on the Foundation's investments market values and related income (note 1).

## **20. Comparative information:**

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