

Financial Statements of

VGH & UBC HOSPITAL FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2024



KPMG LLP

PO Box 10426 777 Dunsmuir Street

Vancouver BC V7Y 1K3

Canada

Telephone 604 691 3000

Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of 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, 2024;
- 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, 2024, 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 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.

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 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 the 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 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 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 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
June 18, 2024

VGH & UBC HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 86,720,855	\$ 52,446,279
Restricted cash and cash equivalents	18,541,473	19,831,561
Portfolio investments (note 4)	156,265,648	159,485,606
Investment in preferred shares - current portion (note 6)	3,000,000	3,500,000
Accounts receivable and prepaids (note 5)	3,416,094	1,856,830
	<u>267,944,070</u>	<u>237,120,276</u>
Capital assets (note 7(a))	100,441,613	100,846,679
Investment in preferred shares (note 6)	6,386,000	9,136,000
Donated assets	7,732,418	7,528,017
Endowment portfolio investments (note 9(b))	143,275,830	115,273,579
Vancouver Foundation investments (note 9(c))	588,632	557,723
	<u>\$ 526,368,563</u>	<u>\$ 470,462,274</u>

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities (note 11)	\$ 5,280,440	\$ 4,687,209
Due to Vancouver Coastal Health Authority (note 10)	12,127,691	8,792,052
	<u>17,408,131</u>	<u>13,479,261</u>

Bank loan (note 8)	55,000,000	55,000,000
Deferred capital contributions	1,099,640	396,061
	<u>73,507,771</u>	<u>68,875,322</u>

Fund balances:

General Fund:		
Invested in capital assets (note 7(b))	23,950,074	25,058,719
Vancouver Foundation Endowment Fund (note 9(c))	588,632	557,723
Unrestricted	63,902,759	51,616,024
	<u>88,441,465</u>	<u>77,232,466</u>


Restricted Funds:		
Endowment (note 9(a))	163,667,729	135,665,478
Specific Purpose	200,751,598	188,689,008
	<u>364,419,327</u>	<u>324,354,486</u>
	<u>452,860,792</u>	<u>401,586,952</u>

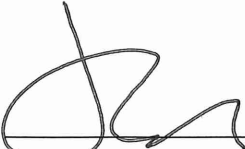
Commitments (note 20)

	<u>\$ 526,368,563</u>	<u>\$ 470,462,274</u>
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See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

VGH & UBC HOSPITAL FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	General Fund		Restricted Funds - Endowment		Restricted Funds - Specific Purpose		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue:								
Donations	\$ 6,774,491	\$ 15,420,213	\$ 17,497,461	\$ 337,615	\$ 41,064,948	\$ 43,940,501	\$ 65,336,900	\$ 59,698,329
Lotteries	-	-	-	-	29,119,128	30,046,781	29,119,128	30,046,781
Other fundraising	3,204,358	2,070,227	-	720	1,389,006	337,648	4,593,364	2,408,595
Rental income on properties (note 15)	6,097,199	5,724,365	-	-	-	-	6,097,199	5,724,365
Portfolio investment income (note 13)	9,713,280	7,378,662	1,331,321	1,194,201	7,940,465	6,446,456	18,985,066	15,019,319
Other income (note 14)	6,611,869	5,703,049	-	-	(3,387,774)	(2,720,180)	3,224,095	2,982,869
	32,401,197	36,296,516	18,828,782	1,532,536	76,125,773	78,051,206	127,355,752	115,880,258
Expenses:								
Foundation operations	14,485,945	12,895,845	-	-	-	-	14,485,945	12,895,845
Community awareness and public engagement	1,606,512	1,219,119	-	-	-	-	1,606,512	1,219,119
	16,092,457	14,114,964	-	-	-	-	16,092,457	14,114,964
Lotteries	-	-	-	-	16,793,980	16,252,943	16,793,980	16,252,943
Other fundraising	1,193,357	740,881	-	-	-	-	1,193,357	740,881
Expenses on properties	3,300,534	2,947,736	-	-	-	-	3,300,534	2,947,736
Transfer to qualified donees (note 3)	-	-	-	-	148,000	148,000	148,000	148,000
Grants to Vancouver Coastal Health Authority:								
Equipment and capital projects	-	-	-	-	19,328,069	25,259,754	19,328,069	25,259,754
Education, research, patient care and other	600,035	712,530	-	-	31,511,465	27,339,850	32,111,500	28,052,380
	600,035	712,530	-	-	50,839,534	52,599,604	51,439,569	53,312,134
	21,186,383	18,516,111	-	-	67,781,514	69,000,547	88,967,897	87,516,658
Excess of revenue over expenses before change in fair value of investments	11,214,814	17,780,405	18,828,782	1,532,536	8,344,259	9,050,659	38,387,855	28,363,600
Change in fair value of investments	4,287,463	(1,081,177)	8,598,522	(2,822,967)	-	-	12,885,985	(3,904,144)
Excess (deficiency) of revenue over expenses	15,502,277	16,699,228	27,427,304	(1,290,431)	8,344,259	9,050,659	51,273,840	24,459,456
Interfund transfers	(4,293,278)	(4,548,857)	574,947	2,321,269	3,718,331	2,227,588	-	-
Net increase in fund balances	11,208,999	12,150,371	28,002,251	1,030,838	12,062,590	11,278,247	51,273,840	24,459,456
Fund balances, beginning of year	77,232,466	65,082,095	135,665,478	134,634,640	188,689,008	177,410,761	401,586,952	377,127,496
Fund balances, end of year	\$ 88,441,465	\$ 77,232,466	\$ 163,667,729	\$ 135,665,478	\$ 200,751,598	\$ 188,689,008	\$ 452,860,792	\$ 401,586,952

See accompanying notes to financial statements.

VGH & UBC HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 51,273,840	\$ 24,459,456
Items not involving cash:		
Change in fair value of investments	(12,885,985)	3,904,144
Change in fair value of preferred shares	(250,000)	263,000
Amortization of capital assets	947,987	911,331
Amortization on deferred capital contributions	(49,559)	(5,772)
Donated assets	(204,401)	(97,074)
Loss (gain) on disposal of investments	(252,196)	44,711
Gain on sale of prize home	-	(162,751)
Management fees on investments	426,170	474,581
Receipt of investments as donations	(21,123,149)	(6,272,248)
	17,882,707	23,519,378
Changes in non-cash operating items:		
Accounts receivable and prepaids	(1,559,264)	176,229
Accounts payable and accrued liabilities	593,231	880,437
Due to Vancouver Coastal Health Authority	3,335,639	1,420,448
	20,252,313	25,996,492
Financing:		
Receipt of capital contributions	753,138	401,833
Investments:		
Proceeds on sale of prize home	-	1,722,918
Reinvestment of investment income	(11,927,195)	(9,666,011)
Proceeds on redemption of preferred shares	3,500,000	2,500,000
Proceeds on sale of donated investments	20,644,608	6,272,248
Purchase of portfolio investments	304,545	(20,184,791)
Change in restricted cash and cash equivalents	1,290,088	(199,120)
Purchase of capital assets	(542,921)	(1,078,973)
	13,269,125	(20,633,729)
Increase in cash and cash equivalents	34,274,576	5,764,596
Cash and cash equivalents, beginning of year	52,446,279	46,681,683
Cash and cash equivalents, end of year	\$ 86,720,855	\$ 52,446,279

See accompanying notes to financial statements.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

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 ("VGH"), 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.

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 CPA Canada Handbook - *Accounting* and include the following significant accounting policies:

(a) Revenue recognition and fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the Foundation follows the restricted fund method of accounting for contributions. Under this method, unrestricted contributions are recognized as revenue of the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions and investment income are recognized as revenue of the Specific Purpose Fund to which they relate. Endowment contributions are recognized as revenue of the Endowment Fund. Accordingly, resources are classified for accounting and reporting purposes into funds. 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"). Contributions restricted for the purchase of capital assets are recorded as deferred capital contributions when spent under the General Fund and are amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets once amortization of the capital asset commences.

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.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

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

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

(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 (note 2(a)(ii)), and amounts held by the Vancouver Foundation but available for withdrawal (note 9(c)), are recorded in 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.

General Fund also includes amounts invested in capital assets made up of tangible capital assets acquired by the Foundation less related accumulated amortization, debt and invested endowment funds (note 7(b)).

(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, restricted current fundraising event proceeds, as well as restricted investment income earned on Endowment Funds.

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.

(b) Deferred revenue:

Unrestricted sponsorship or ticket sales revenue received in advance of the related fundraising event is deferred and recognized when the event is completed or the revenue is earned. Lease payments received in advance for the Foundation's owned properties (note 7(a)) is deferred and recognized in the period that is due per agreement. Deferred revenue is recorded in accounts payable and accrued liabilities.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(c) 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 including preferred shares 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.

(d) 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.

(e) 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, which is recorded as revenue in the General Fund at the exchange amount. 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.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(f) 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 and changes in fund balances. Amortization is provided using the straight-line method over the estimated useful life, with amortization taken when the assets are put into use, as follows:

Asset	Years
Buildings:	
Long-term care property	15
Rental property	5
Furniture and fixtures	5
Computer equipment	3
Leasehold improvements	Over term of lease

(g) 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.

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.

(h) 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 these financial statements.

(i) Income taxes:

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

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(j) 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 investments held in preferred shares, art and other in-kind donations, and the estimated useful lives of capital assets for purposes of amortization. Actual results could differ from these estimates.

(k) Affiliated entity:

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

(l) Employee future benefits:

The employees of the Foundation are members of a multi-employer defined benefit plan and accordingly, contributions are expensed as incurred (note 18).

(m) Foreign currency transactions:

Monetary items denominated in a foreign currency and non-monetary items carried at market are adjusted at the statement of final position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average rates of exchange during the year. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

3. Transfer to qualified donees:

In the current year, transfers to the following qualified donees, which included Vancouver Association for the Survivors of Torture for \$100,000 and BC Cancer Foundation for \$48,000, were made in accordance with directions from the donors. During fiscal 2023, there were transfers to the following qualified donees, which included Surrey Hospital Foundation for \$100,000 and BC Cancer Foundation for \$48,000.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Portfolio investments

	2024	2023
Investments held at fair value:		
Canadian money market funds	\$ 1,473,929	\$ 1,271,723
Canadian fixed income funds	89,003,992	85,123,736
Canadian equity funds	65,482,598	59,627,713
Global equity funds	72,014,892	59,837,196
Infrastructure funds	64,855,753	61,857,357
Endowment portfolio investments (note 9(b))	(143,275,830)	(115,273,579)
Total investments held at fair value	149,555,334	152,444,146
Investments held at cost:		
Guaranteed investment certificates	6,310,314	6,641,460
Private shares	400,000	400,000
Total investments held at cost:	6,710,314	7,041,460
Total portfolio investments	\$ 156,265,648	\$ 159,485,606

GIC's have maturity dates between April 2024 and March 2026 with yields ranging from 1.77% to 5.91% (2023 – 0.75% to 5.40%). The amounts recognized above are inclusive of accrued interest.

5. Accounts receivable and prepaids:

	2024	2023
Parkade Trust (note 12)	\$ 1,541,080	\$ 182,488
Prepaid expenses	485,979	497,396
Sales tax rebates	1,158,114	971,483
Other	230,921	205,463
	\$ 3,416,094	\$ 1,856,830

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

6. Investment in preferred shares held at fair value:

	2024	2023
Donated preferred shares, opening balance	\$ 12,636,000	\$ 15,399,000
Fair value adjustment in year	250,000	(263,000)
Less redemption in year	(3,500,000)	(2,500,000)
Donated preferred shares, ending balance	9,386,000	12,636,000
Current portion	(3,000,000)	(3,500,000)
Long-term portion	\$ 6,386,000	\$ 9,136,000

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 initially recorded at their appraised fair value. As \$3,000,000 is scheduled to be redeemed in the next fiscal year, this amount has accordingly been classified as a current investment (2023 - \$3,500,000).

7. Capital assets and net assets invested in capital assets:

(a) Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land:				
Long-term care property	\$ 72,966,696	\$ -	\$ 72,966,696	\$ 72,966,696
Rental property	18,246,054	-	18,246,054	18,246,054
	91,212,750	-	91,212,750	91,212,750
Buildings:				
Long-term care property	9,389,381	(1,153,697)	8,235,684	7,843,803
Rental property	903,177	(361,271)	541,906	722,542
	10,292,558	(1,514,968)	8,777,590	8,566,345
Furniture and fixtures	696,264	(434,011)	262,253	350,830
Computer equipment	92,940	(56,104)	36,836	33,040
Leasehold improvements	174,668	(27,458)	147,210	53,614
Construction in progress	4,974	-	4,974	630,100
	\$ 102,474,154	\$ (2,032,541)	\$ 100,441,613	\$ 100,846,679

On March 29, 2022, the Foundation completed the purchase of a property consisting of a long-term care facility and a rental property for total purchase cost of \$100,353,021. The purchase was funded through \$55,000,000 bank debt (note 8), \$20,391,899 in endowment funds invested (note 9(b)), and \$24,961,122 in unrestricted funds.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Capital assets and net assets invested in capital assets (continued):

(b) Invested in capital assets:

	2024	2023
Capital assets	\$ 100,441,613	\$ 100,846,679
Amounts financed by:		
Bank loan (note 8)	(55,000,000)	(55,000,000)
Invested endowment funds (note 9(b))	(20,391,899)	(20,391,899)
Deferred capital contributions	(1,099,640)	(396,061)
	\$ 23,950,074	\$ 25,058,719

(c) Changes in fund balance invested in capital assets are as follows:

	2024	2023
Opening balance	\$ 25,058,719	\$ 25,287,138
Amortization on capital assets	(947,987)	(911,331)
Additions of capital assets	542,921	1,078,973
Deferred capital contributions received	(753,138)	(401,833)
Amortization on deferred capital contributions	49,559	5,772
Ending balance	\$ 23,950,074	\$ 25,058,719

8. Bank loan:

	2024	2023
Fixed rate term loan payable to TD Bank, bearing interest at 2.83% to 2027 renewal date	\$ 55,000,000	\$ 55,000,000

During fiscal 2022, the Foundation entered into a bank loan agreement with TD Bank to finance the property purchase as disclosed in note 7. The term loan of \$55,000,000 requires interest only payments for the first 36-months after which time principal and interest payments to commence to effect repayment within 30-years of initial drawdown and maturing on March 29, 2052. In fiscal 2024 the Foundation incurred \$1,551,389 (2023 - \$1,547,957) of interest expense which has been included in Foundation Operations expenses in the statement of operations and changes in fund balance.

The Foundation is subject to a number of restrictive covenants, including a financial ratio and non-financial criteria, that require compliance. As at and during the year ended March 31, 2024, the Foundation was in compliance with all covenants.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

8. Bank loan (continued):

The bank loan is secured by:

- (i) a property-specific general security agreement, from the Foundation, representing a first charge on the real properties acquired using the proceeds from the bank loan;
- (ii) continuing collateral mortgage and assignment of rents, representing a first charge on the real properties acquired using the proceeds from the bank loan; and,
- (iii) specific assignment of lease between the Foundation and VCHA (note 15(a)), and assignment of all service contracts necessary for the normal operations of the long term care property.

Anticipated annual principal repayments over the next three years up to the current bank loan agreement expiry in 2028 and to be renegotiated at that time, are as follows:

2025	\$	-
2026		1,370,310
2027		1,418,014
2028		52,211,676
		\$ 55,000,000

9. Endowment funds:

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

	2024	2023
Specific Purpose (note 2(a)(ii)):		
Education	\$ 4,558,220	\$ 4,324,222
Equipment	174,062	165,271
Patient care	1,289,465	1,224,342
Research	108,790,356	83,035,559
Other	48,855,626	46,916,084
Endowment funds	\$ 163,667,729	\$ 135,665,478

(b) Endowment funds are invested as follows:

	2024	2023
Portfolio investments (note 4)	\$ 143,275,830	\$ 115,273,579
Amounts invested in capital assets (note 7(a))	20,391,899	20,391,899
Endowment funds	\$ 163,667,729	\$ 135,665,478

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

9. Endowment funds (continued):

(c) 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 (the "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, \$37,406 was received from other contributors.

The Fund is invested in the Vancouver Foundation's pooled investment balanced fund. At March 31, 2024, the Fund has a fair value of \$1,037,293 (2023 - \$979,696), of which \$588,632 (2023 - \$557,723) 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 10-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, 2024 (2023 - 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.

11. Accounts payable and accrued liabilities:

	2024	2023
Accrued liabilities	\$ 2,610,590	\$ 2,404,315
Payroll and benefits remittances liabilities	1,431,425	1,280,449
Deferred lease revenue	1,223,425	872,445
Deferred event revenue	15,000	130,000
	<u>\$ 5,280,440</u>	<u>\$ 4,687,209</u>

Included in accounts payable and accrued liabilities are government remittances payable of \$291,511 (2023 - \$228,072), which includes amounts payable for payroll related taxes and contributions. At March 31, 2024, all federal payroll remittances payable are current.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

12. VGH Parkade Trust:

The Trust was created by agreement between VCHA and the Foundation. The current agreement expires March 29, 2031. 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, 2024, \$1,541,080 receivable from the Trust (2023 - \$182,488) is included in accounts receivable (note 5).

Effective March 4, 2022, parking was no longer free at hospitals and other B.C. health authority sites as announced the B.C. Ministry of Health. During the year, the Trust distributed \$1,358,592 (2023 - \$1,182,159) to the Foundation and it is recorded as other income (note 14) in the Statement of Operations and changes in fund balances.

The Trust's financial position as at March 31, 2024 and results of operations for the year ended March 31, 2024 are as follows:

	2024	2023
Total assets	\$ 5,128,099	\$ 4,152,316
Total liabilities	4,650,108	3,658,998
Net assets	\$ 477,991	\$ 493,318
Statement of operations:		
Total revenue	\$ 3,410,909	\$ 3,244,191
Total expenses	1,599,453	1,667,979
Distribution – VCHA portion	452,864	394,053
Net earnings distributable to the Foundation	\$ 1,358,592	\$ 1,182,159

13. Investment income:

Investment income is comprised of the following:

	2024	2023
Interest and dividends	\$ 18,732,870	\$ 15,064,030
Net realized gain (loss) on investments	252,196	(44,711)
	\$ 18,985,066	\$ 15,019,319

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

14. Other income (expense):

			2024	2023
	General Fund	Restricted Funds - Specific Purpose	Total	Total
Distributions from Trust (note 12)	\$ 1,358,592	\$ -	\$ 1,358,592	\$ 1,182,159
Restricted fund management fees	4,018,486	(4,018,486)	-	-
Fundraising recoveries	525,956	-	525,956	119,011
Gain on sale of prize home	-	-	-	162,751
Other income	708,835	630,712	1,339,547	1,518,948
	\$ 6,611,869	\$ (3,387,774)	\$ 3,224,095	\$ 2,982,869

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.

The Foundation entered into an agreement with VCHA to lease and operate the long-term care facility (note 7), with an effective commencement date of March 29, 2022 and lease term of 10-years expiring on March 31, 2032. VCHA pays a base rent per annum plus operating costs and cap-ex amounts as defined under the agreement. The base rent schedule for years 1 to 3 is \$5,000,000, years 4 to 7 is \$5,120,000, and years 8 to 10 is \$5,240,000. Total lease income of \$6,097,199 (2023 - \$5,724,365) has been recorded as rental income on properties in the statement of operations and changes in fund balances.

(b) Directors and Officers:

During the year, the directors and officers of the organization made donations totaling \$1,121,468 (2023 - \$264,520) to the Foundation.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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, 2024, Friends had no significant assets or liabilities.

During the year, the Foundation received grants of \$903,495 (2023 - \$106,425) from Friends.

17. Disclosure of remuneration:

For the fiscal year ending March 31, 2024, the Foundation paid total remuneration of \$7,114,422 (2023 - \$5,920,447) to 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 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. Employee pension plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the “Plan”), a jointly trustee pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has approximately 240,000 active members and approximately 124,000 retired members as of December 31, 2022. Active members include approximately 101 (2023 - 94) employees of the Foundation.

The most recent actuarial valuation as at December 31, 2021 indicated a \$3,761 million funding surplus for basic pension benefits. The next valuation will be as at December 31, 2024 with results available in 2025. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan, in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Foundation paid \$745,130 (2023 - \$654,789) for employer contributions to the Plan in fiscal 2024.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 cash and cash equivalents, investments, and accounts receivable. The Foundation assesses accounts and other amounts receivable for impairment and makes provisions as required. Cash and cash equivalents and investments are held with major banks and other reputable financial institutions and therefore not exposed to significant credit risk.

(c) Market risks:

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 and bank loan. Fixed-interest instruments subject the Foundation to fair value risk. The Foundation is exposed to this risk as a result of investments in money market and fixed income funds, guaranteed investment certificates (note 4) and outstanding bank loan (note 8).

Investments in foreign securities are exposed to currency risk due to the fluctuations in foreign exchange rates. The Foundation is exposed to this risk as a result of foreign currency denominated investments in global equity funds.

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

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

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

20. Commitment:

The Foundation has entered into an operating lease commitment for office premises. The minimum annual lease payments are as follows:

2025	\$	167,373
2026		167,373
2027		167,373
2028		176,672
2029		176,672
	\$	855,463
