

# **Lions Gate Hospital Foundation**

Financial Statements

**June 30, 2018**



September 20, 2018

## **Independent Auditor's Report**

### **To the Members of Lions Gate Hospital Foundation**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Lions Gate Hospital Foundation, which comprise the statement of financial position as at June 30, 2018 and the statements of revenues, expenses and distributions, and fund balances, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lions Gate Hospital Foundation as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Report on other legal and regulatory requirements**

As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

**Lions Gate Hospital Foundation**  
**Statement of Financial Position**

	June 30, 2018	June 30, 2017
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,406,952	3,827,699
Interest and other receivables	383,472	341,933
Short-term investments	34,579,438	23,516,970
Prepaid expenses	15,002	12,461
	<u>39,384,864</u>	<u>27,699,064</u>
<b>Long-term investments</b>	10,000,000	12,500,000
<b>Endowment Fund investments (note 4)</b>	44,685,290	40,775,817
<b>Investment in property (note 5)</b>	<u>555,974</u>	<u>555,974</u>
	<b><u>94,626,128</u></b>	<b><u>81,530,855</u></b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7(b))	<u>1,720,434</u>	<u>3,058,646</u>
	1,720,434	3,058,646
<b>Retiring allowance</b>	<u>72,042</u>	<u>59,586</u>
	<u>1,792,476</u>	<u>3,118,232</u>
<b>Fund balances</b>		
<b>Unrestricted</b>		
General Fund	<u>2,245,110</u>	<u>2,295,108</u>
<b>Restricted</b>		
Specific Purpose Funds (note 8)	45,347,278	34,785,724
Endowment Fund (note 4)	44,685,290	40,775,817
Property Fund (note 5)	<u>555,974</u>	<u>555,974</u>
	<u>90,588,542</u>	<u>76,117,515</u>
	<u>92,833,652</u>	<u>78,412,623</u>
	<b><u>94,626,128</u></b>	<b><u>81,530,855</u></b>

**Artwork collection (note 6)**  
**Commitments (note 14)**

**Approved by the Board of Directors**

 Director  Director

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

**Lions Gate Hospital Foundation**

Statement of Revenue, Expenses and Distributions, and Fund Balances

	Year ended June 30, 2018					Year ended June 30, 2017				
	General	Specific Purpose	Endowment	Property	Total	General	Specific Purpose	Endowment	Property	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance - Beginning of year</b>	2,295,108	34,785,724	40,775,817	555,974	78,412,623	1,946,481	28,073,547	37,973,619	555,974	68,549,621
<b>Revenue</b>										
Fundraising - Donations	194,388	16,092,614	-	-	16,287,002	111,629	13,402,554	-	-	13,514,183
Fundraising - Special Events	240	2,541,747	-	-	2,541,987	875	2,447,562	-	-	2,448,437
Investment Income	557,110	127,416	1,281,547	-	1,966,073	392,115	180,741	1,300,899	-	1,873,755
Estate Gifts	2,050,109	544,644	-	-	2,594,753	1,514,262	2,836,204	-	-	4,350,466
Other	118,485	-	-	-	118,485	317,997	-	-	-	317,997
	<u>2,920,332</u>	<u>19,306,421</u>	<u>1,281,547</u>	<u>-</u>	<u>23,508,300</u>	<u>2,336,878</u>	<u>18,867,061</u>	<u>1,300,899</u>	<u>-</u>	<u>22,504,838</u>
<b>Expenses and distributions</b>										
Distributions (notes 7 and 8)	54,813	8,548,339	-	-	8,603,152	30,387	13,013,577	-	-	13,043,964
Administrative expenses (note 10)	1,402,366	-	-	-	1,402,366	1,370,987	-	-	-	1,370,987
Fundraising expenses (note 11)	415,533	158,547	-	-	574,080	434,546	162,850	-	-	597,396
Investment management fees	-	-	233,725	-	233,725	-	-	219,158	-	219,158
	<u>1,872,712</u>	<u>8,706,886</u>	<u>233,725</u>	<u>-</u>	<u>10,813,323</u>	<u>1,835,920</u>	<u>13,176,427</u>	<u>219,158</u>	<u>-</u>	<u>15,231,505</u>
<b>Excess of revenue over expenses and distributions for the year, before the following</b>	1,047,620	10,599,535	1,047,822	-	12,694,977	500,958	5,690,634	1,081,741	-	7,273,333
<b>Fair value change in investments (note 9)</b>	-	-	1,726,052	-	1,726,052	-	-	2,589,669	-	2,589,669
<b>Excess of revenue over expenses and distributions for the year</b>	1,047,620	10,599,535	2,773,874	-	14,421,029	500,958	5,690,634	3,671,410	-	9,863,002
<b>Transfer of funds (note 12)</b>	(1,097,618)	(37,981)	1,135,599	-	-	(152,331)	1,021,543	(869,212)	-	-
<b>Balance - End of year</b>	<u>2,245,110</u>	<u>45,347,278</u>	<u>44,685,290</u>	<u>555,974</u>	<u>92,833,652</u>	<u>2,295,108</u>	<u>34,785,724</u>	<u>40,775,817</u>	<u>555,974</u>	<u>78,412,623</u>

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

# Lions Gate Hospital Foundation

## Statement of Cash Flows

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	Year ended June 30, 2018	Year ended June 30, 2017
	\$	\$
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses and distributions for the year	14,421,029	9,863,002
Items not affecting cash		
Change in unrealized gains on investments (note 9)	(641,232)	(1,870,750)
Realized investment income and gains reinvested	(2,132,642)	(1,800,660)
	<hr/> 11,647,155	<hr/> 6,191,592
Changes in non-cash working capital items		
Interest and other receivables	(41,538)	32,472
Prepaid expenses	(2,541)	(555)
Accounts payable and accrued liabilities	(1,338,212)	1,801,588
Retiring allowance	12,456	(7,158)
	<hr/> 10,277,320	<hr/> 8,017,939
<b>Cash flows from investing activities</b>		
Purchase of endowment fund investments	(2,622,099)	(2,512,038)
Purchase of investments	(31,944,068)	(57,516,970)
Proceeds from disposition of endowment fund investments	1,486,500	3,381,250
Proceeds from disposition of investments	23,381,600	33,800,000
	<hr/> (9,698,067)	<hr/> (22,847,758)
<b>Increase (decrease) in cash and cash equivalents</b>	579,253	(14,829,819)
<b>Cash and cash equivalents - Beginning of year</b>	<hr/> 3,827,699	<hr/> 18,657,518
<b>Cash and cash equivalents - End of year</b>	<hr/> 4,406,952	<hr/> 3,827,699

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

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## 1. Nature of operations:

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

The Foundation raises funds to support the highest quality health care in the City of North Vancouver, the District of North Vancouver, the District of West Vancouver, the Village of Lions Bay, and the rural district of Bowen Island (collectively “the North Shore”) for:

- Lions Gate Hospital
- The Greta and Robert H. N. HO Psychiatry & Education Centre (“The HOpe Centre”)
- North Shore Hospice
- Evergreen House
- Cedarview Lodge
- Cedar Garden
- Kiwanis Care Centre
- Margaret Fulton Adult Day Centre
- West Vancouver Adult Day Centre
- Community and Mental Health Programs

The Foundation is a charitable organization registered under the Income Tax Act (“the Act”) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes. To maintain its status as an organization registered under the Act, the Foundation must meet certain requirements within the Act.

## 2. Basis of accounting:

The Foundation prepares its financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (“ASNPO”) as issued by the Accounting Standards Board (“AcSB”).

## 3. Significant accounting policies:

### (a) Fund accounting:

The Foundation maintains its accounts in accordance with the principles of fund accounting and follows the restricted fund method of accounting for revenue. Resources are classified for accounting and reporting purposes into funds, according to the activity or objective specified.

General Fund - The General Fund is unrestricted and accounts for the Foundation’s operating activities. It includes receipts of funds donated for the “area of greatest need” or not otherwise designated for endowment or specific purposes.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## **3. Significant accounting policies (continued):**

### **(a) Fund accounting (continued):**

Specific Purpose Funds - The Specific Purpose Funds are restricted and include those amounts received and distributed by the Foundation for specified purposes, after deduction of related fundraising expenses. These funds may also include transfers from other funds, as approved by the Board of Directors ("the Board"), for specified purposes.

Endowment Fund - The Endowment Fund comprises amounts externally restricted by donors and internally restricted by the Board. The Externally Restricted Endowment Fund includes those amounts relating to endowments, bequests, and trust funds made available to the Foundation under trust arrangements specified by donors and independent trustees. The Internally Restricted Endowment Fund includes transfers from other funds, as approved by the Board, with the intention, at the Board's discretion, to be held as an endowment fund.

Property Fund - The Property Fund is restricted and accounts for the Foundation's investment in properties.

### **(b) Revenue recognition:**

Unrestricted donations are recorded in the General Fund. Donations received for specific purposes or endowment are recorded in these funds as received. Donated properties and gifts in kind, with the exception of the artwork collection, are recorded at fair value, which is determined by appraisal.

Investment and property revenues are recorded as earned. Revenue earned on the Endowment Fund is recorded in the Endowment Fund.

### **(c) Contributed services:**

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. During the year, approximately 4,861 volunteer hours (2017 – 5,692) were contributed to the Foundation. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

### **(d) Distributions:**

Distributions are recorded when Vancouver Coastal Health ("VCH") incurs expenditures on behalf of the Foundation and has received the related goods and services.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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### 3. Significant accounting policies (continued):

#### (e) Cash and cash equivalents:

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

#### (f) Investments:

Management has elected to record all investments in pooled funds at fair value, and changes in fair value are recognized in the statement of revenue, expenses, and distributions, and fund balances.

Investment income includes dividend and interest income, net of financial institution management fees, earned in the year. Any realized capital gains and losses and any change in the unrealized gain or loss resulting from a movement in fair value from the previous statement of financial position date has been recognized within fair value change in investments.

Short-term investments include term deposits which mature within one year from fiscal year end.

Long-term investments include term deposits which mature within two years from fiscal year end.

#### (g) Artwork collection:

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

#### (h) Investment in property:

Donated properties are initially recorded at the fair market value at the date of the gift.

Properties are carried at their original values, unless the market value of the properties is lower than cost and this decline in value is considered to be other than temporary, in which case the properties are written down to market value.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## 3. Significant accounting policies (continued):

### (i) Use of estimates:

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. It is reasonably possible that circumstances may arise which cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Foundation's financial position.

### (j) Retiring allowance:

The Foundation has entered into employment agreements, which provide for a one-time payment to eligible employees upon retirement. To become eligible, employees must be over 55 years of age and have worked for the Foundation for at least 10 years. The amount of the retiring allowance is based upon the probability of employees becoming eligible, and increases by a fixed amount for each year of service over the period of employment. The estimated cost of this benefit is being accrued and charged to earnings on a straight-line basis over the period of employment.

### (k) Financial instruments:

Financial assets and liabilities are initially measured at fair value. All financial assets and liabilities other than investments are measured at amortized cost.

The Foundation has measured its cash and cash equivalents, interest and other receivables, and accounts payable and accrued liabilities at amortized cost using the effective interest rate method. The estimated fair values of these financial instruments approximate their book values due to their short-term nature.

### (l) Future accounting standards:

In March 2018, the AcSB issued new guidance on Collections Held by Not-for-Profit Organizations (ASNPO 4440) which is effective for years ending on or after January 1, 2019. The new guidance recommends that collections be recorded either at cost or at nominal value. The Foundation will need to implement this guidance for the year ended June 30, 2020. Management is in the process of assessing the impact of adoption of the new guidance on the financial statements of the Foundation.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

## 4. Endowment Fund investments:

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

	June 30, 2018		June 30, 2017	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Cash and money market funds	973,097	973,097	362,717	362,717
Bond funds	16,206,229	15,896,297	14,024,208	13,551,709
Equity funds				
Canadian	8,361,078	6,727,866	8,288,949	6,914,612
International	19,144,886	15,550,215	18,099,943	15,050,196
	<u>44,685,290</u>	<u>39,147,475</u>	<u>40,775,817</u>	<u>35,879,234</u>

The Endowment Fund comprises the following:

	Original donation/ bequest \$	Balance June 30, 2017 \$	Donations/ transfers in \$	Net Investment income \$	Fair value change in investments \$	Transfers out \$	Balance June 30, 2018 \$
Total externally restricted	5,817,566	7,147,035	1,020,026	189,066	314,025	(6,500)	8,663,652
Total internally restricted	<u>22,104,230</u>	<u>33,628,782</u>	<u>122,073</u>	<u>858,756</u>	<u>1,412,027</u>	<u>-</u>	<u>36,021,638</u>
Total	<u>27,921,796</u>	<u>40,775,817</u>	<u>1,142,099</u>	<u>1,047,822</u>	<u>1,726,052</u>	<u>(6,500)</u>	<u>44,685,290</u>

## 5. Investment in property:

The Foundation holds a donated property that is classified as a long-term investment. The Board has agreed not to sell the donated property before June 30, 2020. Under the original agreement, the property shall be restricted to uses not incompatible with multi-family dwellings (note 7(c)).

## 6. Artwork collection:

As at June 30, 2018, the Foundation has 343 (2017 - 317) works of art in the collection valued at approximately \$1,060,000 (2017 - \$942,000) at the time of receipt. Additionally, 21 (2017 - 19) works of art are on loan to the Foundation, valued at approximately \$116,000 (2017 - \$160,000). Donations of artwork received during the year totaled \$82,149 (2017 - \$82,598).

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## 7. Related party transactions:

The Foundation undertakes fundraising to enhance the quality of health care on the North Shore for VCH. The Foundation commits funds to VCH for capital related projects. VCH will initially pay for the costs associated with these projects and invoice the Foundation for recovery. VCH also pays for all operating expenses on behalf of the Foundation, including salaries, and invoices the Foundation for recovery. Transactions are measured at the exchange amount.

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

	<b>Year ended June 30, 2018</b>	<b>Year ended June 30, 2017</b>
	\$	\$
LGH NOW - Outpatient Care Centre	2,322,378	2,488,651
Medical & Surgical Centre	1,827,803	439,054
North Shore Hospice expansion	1,185,674	65,405
Fluoroscopy/X-ray	914,331	208,925
Medical equipment	491,556	929,871
Youth Mental Health Unit	403,272	3,662,764
The HOpe Centre	-	2,691,179
Other projects less than \$500,000	1,458,138	2,558,115
	<u>8,603,152</u>	<u>13,043,964</u>

(b) Included in accounts payable and accrued liabilities is \$517,410 (2017 - \$272,532) due to VCH relating to the reimbursement of Foundation operating expenses paid or payable by VCH on behalf of the Foundation and \$933,953 (2017 - \$2,504,892) due to VCH for capital expenditures for Lions Gate Hospital. Included within the payables of VCH are payroll taxes of \$41,006 (2017 - \$30,712) to be remitted to the government on behalf of the Foundation.

(c) The Board has extended the approval of the use of certain donated property by VCH on a rent-free basis until 2020. The Foundation retains the right to dispose of or otherwise deal with the property after 2020 (note 5).

(d) VCH provides the Foundation with office premises, certain office equipment, and accounting services at no cost to the Foundation.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

## 8. Specific Purpose Funds:

	Balance June 30, 2017 \$	Donations/ transfers \$	Distributions \$	Fundraising/ administrative expenses \$	Balance June 30, 2018 \$
Medical & Surgical Centre	16,261,699	20,045,023	(1,827,803)	-	34,478,919
Building Fund	3,194,876	(2,122,585)	-	-	1,072,291
LGH NOW - Outpatient Care Centre	2,240,758	1,804,750	(2,322,377)	-	1,723,131
Oncology/chemotherapy	2,074,259	(1,630,368)	(229,389)	-	214,502
Medical Equipment	1,336,813	44,296	(491,556)	-	889,553
Palliative/Hospice Fund	1,129,923	718,915	(1,185,674)	(1,911)	661,253
Radiology/Fluoroscopy Unit	1,031,444	196	(914,330)	-	117,310
Simulation Centre	909,226	65,000	(45,261)	-	928,965
Other *	6,606,726	343,213	(1,531,949)	(156,636)	5,261,354
	<u>34,785,724</u>	<u>19,268,440</u>	<u>(8,548,339)</u>	<u>(158,547)</u>	<u>45,347,278</u>

\* Includes equipment purchases for hospital departments, long-term care facilities, and staff education.

## 9. Fair value change in investments:

	Year ended June 30, 2018 \$	Year ended June 30, 2017 \$
Realized gains	1,084,820	718,919
Change in unrealized gains	641,232	1,870,750
	<u>1,726,052</u>	<u>2,589,669</u>

## 10. Administrative expenses:

	Year ended June 30, 2018 \$	Year ended June 30, 2017 \$
Salaries and benefits	1,223,451	1,185,398
General administration	60,359	64,283
Banking and credit card fees	56,225	65,314
Legal and audit	27,678	26,922
Insurance	18,642	18,420
Consultants	14,279	9,790
Professional development	1,732	860
	<u>1,402,366</u>	<u>1,370,987</u>

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

## 11. Fundraising expenses:

	Year ended June 30, 2018	Year ended June 30, 2017
	\$	\$
Special events	189,452	169,299
Direct mail	177,189	183,133
Donor development and recognition	105,240	73,526
Print and electronic communications	97,184	165,900
Planned giving	5,015	5,538
	<u>574,080</u>	<u>597,396</u>

## 12. Transfer of funds:

	General	Specific Purpose	Endowment	Total
	\$	\$	\$	\$
Transfer from General to Endowment (a)	(142,099)	-	142,099	-
Transfer from Specific Purpose to Endowment (b)	-	(1,000,000)	1,000,000	-
Transfer from General to Specific Purpose (c)	(955,519)	955,519	-	-
Transfer from Endowment to Specific Purpose (d)	-	6,500	(6,500)	-
	<u>(1,097,618)</u>	<u>(37,981)</u>	<u>1,135,599</u>	<u>-</u>

- (a) Transfer from General to Endowment represents transfers of estate gifts and an allocation of tribute gifts.
- (b) Transfer from Specific Purpose to Endowment represents Board approved transfers of campaign funds.
- (c) 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.
- (d) Transfer from Endowment to Specific Purpose represents a transfer as per consultation with the donor.

## 13. 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, 2018 amount to \$50,000 (2017 - \$800,000).

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## 14. Commitments:

	Year ended June 30, 2018	Year ended June 30, 2017
	\$	\$
Medical and Surgical Centre	97,080,588	98,908,391
CT Scanner	2,718,000	-
LGH NOW - Outpatient Care Centre	1,749,439	4,425,802
Hospice Expansion Campaign	1,186,635	1,734,595
Simulation Centre	760,369	805,630
Youth Mental Health Unit	-	938,439
Radiology/Fluoroscopy Campaign	-	791,075
Other	51,837	190,374
	<hr/> 103,546,868	<hr/> 107,794,306

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.

## 15. Financial instruments:

### Market risk:

Market risk is the risk that the fair value of an investment will fluctuate due to changes in market conditions. Market risk comprises interest rate risk, foreign currency risk and price risk.

(a) Interest rate risk:

Interest rate risk is the risk that the Foundation's investments will change in fair value due to future fluctuations in market interest rates. The risk arises primarily on interest-bearing financial instruments held in pooled money market and bond funds as disclosed in note 4 and short and long-term investments held in fixed interest certificates.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## 15. Financial instruments (continued):

### Market risk (continued):

(b) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is exposed to currency risk through its Endowment Fund investments in international equities as disclosed in note 4. Management frequently reviews exchange rates to mitigate risk to the Foundation.

(c) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. It arises primarily on equity investments, including investments in pooled funds. The Foundation manages this risk by setting up and monitoring appropriate guidelines on the diversification and weighting of investments.

### Credit risk:

Credit risk is the risk of loss resulting from the failure of an individual or group to honour their financial obligations. The only financial instruments that potentially subject the Foundation to concentrations of credit risk are its receivables and investments. The Foundation's receivables are not significant. Its investments are managed to maintain minimum credit criteria and are diversified within various asset pools held by the Foundation. Thus, the Foundation is not considered to be significantly exposed to credit risk.

### Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flows from the General and Endowment Funds to fund the operations and settle liabilities when due.

### Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The Foundation is not exposed to significant cash flow risk.

# Lions Gate Hospital Foundation

Notes to Financial Statements  
Year Ended June 30, 2018

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## **16. Societies Act Disclosure:**

Effective November 28, 2016, a new Societies Act came into force in British Columbia requiring additional financial statement disclosure as detailed below.

### **Remuneration paid to Directors:**

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

### **Remuneration paid to highest paid employees and contractors:**

The 3 (2017 - 4) most highly remunerated persons, whose remuneration was at least \$75,000 during the year ended June 30, 2018, received an aggregate of \$475,275 (2017 - \$521,059) from the Foundation during that period.

### **Financial Assistance:**

The Foundation did not provide any financial assistance outside the ordinary course of activities during the year.