

Financial Statements
(Expressed in thousands of dollars)

**BRITISH COLUMBIA'S CHILDREN'S
HOSPITAL FOUNDATION**

And Independent Auditor's Report thereon
Year ended March 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of British Columbia's Children's Hospital Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of British Columbia's Children's Hospital Foundation (the "Foundation"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and changes in net assets 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 Foundation 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada
June 20, 2024

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Financial Position
(Expressed in thousands of dollars)

March 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 27,998	\$ 19,069
Accounts receivable	1,934	2,321
Prepaid expenses and other	746	497
Investment in lottery prize homes (note 4)	6,583	6,583
	<u>37,261</u>	<u>28,470</u>
Capital assets (note 5)	20,474	20,387
Other assets	610	585
Investments (note 6)	569,179	519,828
Vancouver Foundation endowment investments (note 7)	1,821	1,722
	<u>\$ 629,345</u>	<u>\$ 570,992</u>


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 9,809	\$ 8,054
Due to BC Children's Hospital, a program of Provincial Health Services Authority (note 9)	285,003	282,834
Deferred revenue (note 5(a))	331	237
	<u>295,143</u>	<u>291,125</u>
Net assets:		
Unrestricted fund	9,689	10,400
Internally restricted fund	116,040	102,911
Externally restricted fund	4,019	3,621
Endowment fund	204,454	162,935
	<u>334,202</u>	<u>279,867</u>
Commitments (notes 4 and 6)		
Contingency (note 14)		
	<u>\$ 629,345</u>	<u>\$ 570,992</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Operations and Changes in Net Assets
(Expressed in thousands of dollars)

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

	Unrestricted fund		Internally restricted fund		Externally restricted fund		Endowment fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue:										
Fundraising	\$ 38,738	\$ 33,675	\$ -	\$ -	\$ 34,992	\$ 30,086	\$ 2,675	\$ 2,691	\$ 76,405	\$ 66,452
Direct fundraising costs	14,154	12,011	-	-	-	-	-	-	14,154	12,011
Net fundraising	24,584	21,664	-	-	34,992	30,086	2,675	2,691	62,251	54,441
Lottery	-	-	-	-	28,507	28,422	-	-	28,507	28,422
Lottery costs	-	-	-	-	14,708	14,311	-	-	14,708	14,311
Net lottery	-	-	-	-	13,799	14,111	-	-	13,799	14,111
Net revenue before undernoted	24,584	21,664	-	-	48,791	44,197	2,675	2,691	76,050	68,552
Investment income (note 6)	26,373	12,307	-	-	8,617	7,207	10,559	481	45,549	19,995
Vancouver Foundation income (note 7)	387	392	-	-	325	304	14	14	726	710
Cash surrender value adjustment on other assets	25	44	-	-	-	-	-	-	25	44
Other income (note 10)	-	342	-	-	10,400	5,000	-	-	10,400	5,342
Net revenue, including investment and other income	51,369	34,749	-	-	68,133	56,708	13,248	3,186	132,750	94,643
Expenses:										
General and administrative	12,318	11,105	-	-	-	-	-	-	12,318	11,105
Excess of revenue over expenses before grants and charitable activity	39,051	23,644	-	-	68,133	56,708	13,248	3,186	120,432	83,538
Grants and charitable activity (note 9)	16,633	33,392	-	-	49,464	56,237	-	-	66,097	89,629
Excess (deficiency) of revenue over expenses	22,418	(9,748)	-	-	18,669	471	13,248	3,186	54,335	(6,091)
Net assets, beginning of year	10,400	2,526	102,911	120,533	3,621	4,952	162,935	157,947	279,867	285,958
Interfund transfers (note 11)	(23,129)	17,622	13,129	(17,622)	(18,271)	(1,802)	28,271	1,802	-	-
Net assets, end of year	\$ 9,689	\$ 10,400	\$ 116,040	\$ 102,911	\$ 4,019	\$ 3,621	\$ 204,454	\$ 162,935	\$ 334,202	\$ 279,867

See accompanying notes to financial statements.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Cash Flows

(Expressed in thousands of dollars)

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 54,335	\$ (6,091)
Items not involving cash:		
Net realized gains on investments	(5,342)	(3,522)
Change in unrealized gain on investments	(23,687)	(2,859)
Amortization of capital assets	139	156
Cash surrender value adjustment on other assets	(25)	(45)
	25,420	(12,361)
Changes in non-cash operating working capital:		
Accounts receivable	387	(1,508)
Prepaid expenses and other	(249)	(292)
Purchase of lottery prize homes	-	(973)
Accounts payable and accrued liabilities	1,755	(96)
Due to BC Children's Hospital	2,169	43,089
Deferred revenue	94	(890)
	29,576	39,330
Investing activities:		
Purchase of investments	(20,421)	(23,185)
Purchase of capital assets	(226)	(171)
	(20,647)	(23,356)
Increase in cash and cash equivalents	8,929	3,613
Cash and cash equivalents, beginning of year	19,069	15,456
Cash and cash equivalents, end of year	\$ 27,998	\$ 19,069

See accompanying notes to financial statements.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

1. Nature of operations:

British Columbia's Children's Hospital Foundation (the "Foundation" or "BCCHF") is incorporated and registered under the Societies Act (British Columbia).

The Foundation promotes the development of child health care at the BC Children's Hospital and Sunny Hill Health Centre (both denoted as the "Hospital") which is an overall program of the Provincial Health Services Authority, by providing financial support for the development of research, patient care and education, and the purchase of equipment.

The Foundation is a charitable organization registered under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met, and is able to issue donation receipts for income tax purposes.

2. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - *Accounting*. The significant accounting policies are as follows:

(a) Fund accounting and revenue recognition:

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 unrestricted 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 externally restricted 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").

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the Statement of Operations and Changes in Net Assets.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(a) Fund accounting and revenue recognition (continued):

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

(i) Unrestricted fund:

The unrestricted fund comprises of donations and grants that are not specifically designated by donors or funders, as well as investment income earned that is not externally restricted by donors for a specific purpose. All fundraising and administrative costs are charged to the unrestricted fund, regardless of which fund the resulting donations were directed to by donors.

(ii) Internally restricted fund:

From time to time, the Board may impose certain restrictions on fund balances. These amounts are presented in the Statements of Financial Position and Operations and Changes in Net Assets as internally restricted funds. These funds include internally restricted endowment funds, net unrealized gains/losses on unrestricted investments and the Slocan lands. The investment income earned on the endowment funds will be used to pay a portion of the Foundation's operational costs. These internally restricted amounts are not available for other purposes without approval of the Board.

(iii) Externally restricted fund:

The externally restricted fund comprises funds for which the purposes have been specifically designated by donors, funds raised through the Foundation's annual lotteries, restricted income received from the Vancouver Foundation and the restricted investment income earned on the endowment funds held by the Foundation. These funds include those which are restricted for use in clinical research, patient care and other designated areas of the Foundation's support contribution activities.

(iv) Endowment fund:

The externally restricted endowment fund comprises donations that are permanently maintained in accordance with donor wishes and recapitalized investment income relating to external donor endowments.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash held in bank accounts and cashable guaranteed investment certificates which are redeemable at any time for a known amount of cash and are subject to an insignificant risk of changes in value.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying amount, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the Statement of Operations and Changes in Net Assets. Capital assets, excluding land, are amortized on a straight-line basis over the assets' estimated useful lives as follows:

Assets	Years
Computer equipment	3
Office equipment and furniture	5

(d) Other assets:

The Foundation is the named beneficiary for various life insurance policies for which the respective donors have agreed to pay the life insurance premiums on behalf of the Foundation. The life insurance policies are irrevocable. The Foundation measures the asset and revenue recognized based on the insurance policies' cash surrender value.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently 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 the Vancouver Foundation endowment, at fair value except for guaranteed investment certificates, which are held at amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets carried 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.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

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.

(f) Contributions to BC Children's Hospital:

Contributions provided to the Hospital as recorded within the Statement of Operations and Changes in Net Assets, and the resulting amount due to the Hospital on the Statement of Financial Position, represent a non-reciprocal, irrevocable obligation of the Foundation.

(g) Deferred revenue:

Deferred revenue represents sponsorship monies received in advance of related events, externally restricted contributions for which an externally restricted fund does not exist.

(h) Contributed materials and services:

The Foundation does not recognize contributions of materials in these financial statements.

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

(i) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(j) 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 13).

(k) Investment in lottery prize homes:

Investment in lottery prize homes is recorded at the cost of acquisition. At each reporting date, the investment in lottery prize homes 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.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

2. Significant accounting policies (continued):

(l) Allocation of expenses:

(i) Direct fundraising costs:

Direct fundraising costs include direct internal costs relating to fundraising activity, event expenses, and third party fundraising program costs.

(ii) General and administrative expenses:

All expenses related to general management, administrative activities, public relations and community awareness are expensed in the period in which they are incurred as general and administrative expenses. These expenses are not allocated to direct fundraising costs related to fundraising and event activities.

(m) Foreign currency transactions:

Monetary items denominated in a foreign currency and non-monetary items carried at fair value are adjusted at the Statement of Financial Position date to reflect the exchange rate in effect at that date. Non-monetary items carried at cost or amortized cost are translated at exchange rates in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at the exchange rate at the date of the transaction. Exchange gains and losses are recorded in the Statement of Operations and Changes in Net Assets.

3. Restricted cash and cash equivalents:

Included in cash and cash equivalents is \$7,763,000 (2023 - \$8,211,000) that is restricted for the Foundation's lotteries as required under the BC Gaming licences.

4. Investment in lottery prize homes:

In fiscal 2024, the Foundation held six residential homes (2023 - six), of which three (2023 - three) were under construction, to be used as prizes for its lotteries. Consideration paid for the completed homes and deposits on the homes under construction totalled \$6,583,000 (2023 - \$6,583,000) with committed amounts still to be paid of \$3,488,000 (2023 - \$3,488,000) in the next fiscal year upon completion. The homes will be transferred to the winners of the lotteries if they select the prize option that includes the property. If the winner selects another prize option, the home will be used as a prize in a future lottery or will be sold if it is deemed to be no longer suitable for use in future lotteries. There were no prize homes sold in fiscal 2024 or fiscal 2023. As of March 31, 2024, one home is listed for sale (2023 - one).

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

5. Capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Land (a)	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Computer equipment	563	257	306	192
Office equipment and furniture	502	334	168	195
	\$ 21,065	\$ 591	\$ 20,474	\$ 20,387

(a) On January 30, 2017, land located in Vancouver was gifted to Sunny Hill with a fair value of \$20,000,000. The land is encumbered by an option to purchase the land by the City of Vancouver for a specified amount that is exercisable if the land is no longer exclusively used for specified purposes. The option to purchase is subject to expiry based on defined conditions. The Foundation's Board of Directors has internally restricted the land for future redevelopment to meet the needs of children with complex health needs.

A portion of the land was leased to a third party for a 40-year term that commenced on August 13, 1998 for a total lease payment of \$500,000, which was recorded in deferred revenue. The Children's Hearing and Speech Centre of BC and the Foundation agreed to terminate the lease effective January 1, 2023, resulting in the remaining deferred lease amount of \$332,000 being recognized in the fiscal 2023 other income in the Statement of Operations and Changes in Net Assets.

6. Investments:

Total investments are comprised of internally and externally restricted endowments totaling \$261,652,000, funds contributed to the Hospital of \$285,003,000 that have not yet been drawn upon due to timing of expenditures and remain within Foundation investments until required by the Hospital, and general Foundation operating investments of \$22,524,000.

Investments are comprised of the following:

	2024	2023
Short-term deposits, notes and investment certificates	\$ 15,969	\$ 47,724
Bonds	76,532	48,712
Mortgages	51,556	48,473
Equities	294,097	263,516
Private debt, infrastructure and real estate	131,025	111,403
	\$ 569,179	\$ 519,828

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

6. Investments (continued):

Included in the short-term deposits, notes and investment certificates are \$15,749,306 (2023 \$47,412,500) of guaranteed investment certificates which are held at amortized cost with maturity dates in fiscal 2025 to 2027 and bearing interest at 1.65%.

The Foundation has unfunded investment commitments relating to private debt, infrastructure and real estate investments that can be drawn on demand. The unfunded investment commitments are as follows:

	2024	2023
United States dollars	\$ 17,185	\$ 18,769
Canadian dollars	3,347	10,517

Certain investments are restricted for endowments as follows:

	2024	2023
External	\$ 202,633	\$ 161,213
Internal (a)	59,019	56,826
	\$ 261,652	\$ 218,039

(a) The internally restricted endowments of \$59,019,000 (2023 - \$56,826,000) are presented within the internally restricted fund in net assets.

Investment income is comprised of the following:

	2024	2023
Interest and dividends	\$ 18,562	\$ 15,296
Net realized gains on investments	5,342	3,522
Fair value adjustment on investments	23,687	2,859
Investment manager fees	(2,042)	(1,682)
	\$ 45,549	\$ 19,995

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

7. Vancouver Foundation funds:

The Foundation holds restricted endowment funds with Vancouver Foundation that have market value totaling \$11,253,000 (2023 - \$10,636,000), of which \$1,821,000 (2023 - \$1,722,000) can be withdrawn subject to a maximum of 20% per year with the approval of two-thirds of the Board of the Foundation. The endowment balance cannot be reduced below \$10,000. The balance has been presented as a non-current asset in these financial statements.

In fiscal 2024, the Foundation recorded a net unrealized gain of \$99,000 (2023 - \$75,000 unrealized loss) related to the change in the fair value of the Foundation's investments held at Vancouver Foundation. This amount is included in investment income on the Statement of Operations and Changes in Net Assets.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$620,000 (2023 - \$509,000), which includes amounts payable for payroll related taxes and contributions. At March 31, 2024, all federal payroll remittances payable are current.

Also included in accounts payable and accrued liabilities is an interest-free loan of \$1,210,000 (2023 - \$10,000) from a donor who has the ability to call the loan with three months notice or has the option to forgive the loan. The loaned funds have been invested and the investment income earned is recorded in the unrestricted fund since it is available for the Foundation's general use.

9. BC Children's Hospital:

Contributions provided to the Hospital as recorded within the Statement of Operations and Changes in Net Assets represent a non-reciprocal, irrevocable obligation of the Foundation. In fiscal 2024, the Foundation made contributions to the Hospital of \$66,011,000 (2023 - \$89,489,000), which are recorded in grants and charitable activity in the Statement of Operations and Changes in Net Assets along with other contributions.

The amount due to the Hospital as at March 31, 2024 of \$285,003,000 (2023 - \$282,834,000) consists of costs incurred by the Hospital of \$16,354,000 (2023 - \$16,536,000), which are to be reimbursed by the Foundation, as well as contributions receivable from the Foundation of \$268,649,000 (2023 - \$266,298,000). The balance is non-interest bearing and has no specific repayment terms. The contributions receivable of \$268,649,000 (2023 - \$266,298,000) are moved to a designated fund and paid out as the Hospital draws down on the funds as spent.

The Foundation has its main office located in premises provided on a rent-free basis by the Hospital. Rent for fiscal 2024 with a fair value of approximately \$1,062,000 (2023 - \$1,034,000) has not been recorded in the Statement of Operations and Changes in Net Assets. If these facilities were unavailable on this basis, the Foundation would have to rent similar facilities from another landlord.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

9. BC Children's Hospital (continued):

The Foundation also receives certain administrative services from the Hospital, including the use of accounting systems, payroll and benefit administration, housekeeping and information technology support. Because of the difficulty in determining their fair value, these contributed services are not recognized in these financial statements.

10. Other income:

In fiscal 2024, the Foundation received \$5,000,000 (2023 - \$5,000,000) from Provincial Health Services Authority to support the Child Health BC program at the Hospital. In addition, the Foundation received \$5,400,000 (2023 - nil) from a funder for a Hospital program. These grants have been recognized as revenue in the externally restricted fund in the Statement of Operations and Changes in Net Assets as part of other income.

11. Interfund transfers:

2024	Unrestricted fund	Internally restricted funds	Externally restricted fund	Endowment fund
Recapitalization of investment income from externally restricted fund to endowment fund	\$ -	\$ -	\$ (225)	\$ 225
Grants transferred to endowment fund			(18,046)	18,046
Approved transfer from unrestricted fund	(10,000)			10,000
Internal restriction of fair value adjustment on investments	(13,129)	13,129	-	-
	\$ (23,129)	\$ 13,129	\$ (18,271)	\$ 28,271

2023	Unrestricted fund	Internally restricted funds	Externally restricted fund	Endowment fund
Recapitalization of investment income from externally restricted fund to endowment fund	\$ -	\$ -	\$ (194)	\$ 194
Grants transferred to endowment fund			(1,608)	1,608
Approved transfer from internally restricted endowment fund	20,000	(20,000)	-	-
Internal restriction of fair value adjustment on investments	(2,378)	2,378	-	-
	\$ 17,622	\$ (17,622)	\$ (1,802)	\$ 1,802

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

12. 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, including fulfilling obligations in its contributions to the Hospital. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation's guaranteed investment certificates as well as certain investments, primarily fixed income securities, are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages the risk by retaining professional investment managers who act in accordance with the Foundation's investment policies. These policies include asset mix guidelines and minimum investment grade levels for each asset class.

Cash and cash equivalents are held with major banks and therefore not exposed to significant credit risk. Other credit risks can arise from holding receivables which are generally not material and as such the credit risk is minimal.

(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 risk comprises currency risk, interest rate risk and other price risk.

(i) *Currency risk:*

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

The Foundation is exposed to currency risk through its holdings of funds invested in foreign market common shares and convertible securities, foreign market bonds, debentures, and private debt, foreign real estate, and foreign infrastructure investments. The Foundation manages its foreign currency risk by maintaining a geographically diversified portfolio.

From time-to-time, the Foundation's external investment fund managers may hold balances in cash and cash equivalents denominated in non-Canadian currencies. The currency risk related to these balances is not significant.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

12. Financial risks (continued):

(c) Market risks (continued):

(ii) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation is invested in a number of fixed income instruments, including guaranteed investment certificates, pooled bond funds, pooled mortgage funds, and private debt which are subject to interest rate risks.

(iii) Other price risks:

Other 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 or its issuer, or factors affecting all similar financial instruments traded in the market. Equity price risk is the risk that the fair value of equity financial instruments will fluctuate due to changes in market prices. The Foundation is exposed to equity price risk on its investments in its equity fund holdings. The Foundation manages equity price risk by maintaining a portfolio which is diversified across geographic and industry sectors. The performance of the Foundation's investments is monitored by measuring against a benchmark consisting of relative weightings of various stock indices.

The Foundation manages its investment portfolio to earn investment income and invests according to a Statement of Investment Objectives and Policies approved by the Board. The risks associated with investments are managed through the Foundation's established investment policy.

There has been no change to the risk exposures from prior period.

13. 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 133 (2023 - 114) employees of the Foundation.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended March 31, 2024

13. Employee pension plan (continued):

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 \$1,117,000 (2023 - \$916,000) for employer contributions to the Plan in fiscal 2024.

14. Contingency:

On May 26, 2014, the Hospital, entered into a Lease Agreement (the "Lease") with The Children's Family House Society of B.C., operating as Ronald McDonald House British Columbia ("RMHBC"). The Lease grants RMHBC the use of land and the Ronald McDonald House constructed on that land for a term of 60 years.

At the same time, the Foundation entered into a Contribution Agreement (the "Agreement") with RMHBC. Under the Agreement, if the Lease is terminated under certain sections of the Lease, or upon the expiry of the lease term, the Foundation will pay to RMHBC, as at the effective date of the termination or expiry of the lease term, an amount equal to the fair market value of the premises, exclusive of the land, less any amount the Hospital is obligated to pay as per the Lease. Fair market value will be determined by agreement between the Foundation and RMHBC. As of March 31, 2024, the ultimate amount of the payment cannot be reasonably estimated. Hence no amount has been recorded with respect to this contingency.

15. Employee, contractor and director remuneration:

For the year ended March 31, 2024, the Foundation paid total remuneration of \$10,197,000 (2023 - \$7,129,000) to employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

The Foundation did not pay any remuneration to any members of its Board of Directors.