

Financial Statements of

**CHILDREN'S HEALTH FOUNDATION
OF VANCOUVER ISLAND**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Children's Health Foundation of Vancouver Island

Report on the Financial Statements

Opinion

We have audited the financial statements of Children's Health Foundation of Vancouver Island (the Entity), which comprise:

- the statement of financial position as at March 31, 2022
- 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, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

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

Chartered Professional Accountants

Victoria, Canada
July 7, 2022

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	General Fund	Restricted Funds	Endowment Fund	2022	2021
Assets					
Current assets:					
Cash	\$ 1,790,796	\$ 936,511	\$ -	\$ 2,727,307	\$ 3,957,332
Accounts receivable	238,573	78,601	-	317,174	353,671
Prepaid expenses	186,830	1,031	-	187,861	127,322
	2,216,199	1,016,143	-	3,232,342	4,438,325
Investments (note 2)	1,831,047	36,032,913	2,864,347	40,728,307	42,462,910
Cash surrender value, life insurance policy	58,675	-	-	58,675	56,411
Capital assets (note 3)	853,470	9,728,213	-	10,581,683	9,054,082
	\$ 4,959,391	\$ 46,777,269	\$ 2,864,347	\$ 54,601,007	\$ 56,011,728

Liabilities

Current liabilities:					
Accounts payable and accrued liabilities	\$ 682,858	\$ 224,598	\$ -	\$ 907,456	\$ 1,488,511
Deferred revenue	3,464	72,064	-	75,528	33,275
	686,322	296,662	-	982,984	1,521,786

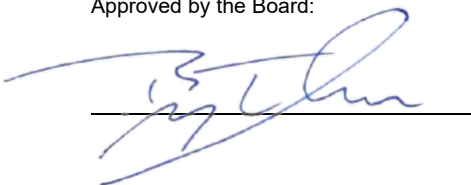
Fund Balances

Invested in capital assets	853,470	9,728,213	-	10,581,683	9,054,082
Unrestricted	3,419,599	-	-	3,419,599	5,940,811
Externally restricted	-	10,057,675	-	10,057,675	10,924,749
Internally restricted (note 4)	-	26,694,719	-	26,694,719	25,723,354
Endowment	-	-	2,864,347	2,864,347	2,846,946
	4,273,069	46,480,607	2,864,347	53,618,023	54,489,942
	\$ 4,959,391	\$ 46,777,269	\$ 2,864,347	\$ 54,601,007	\$ 56,011,728

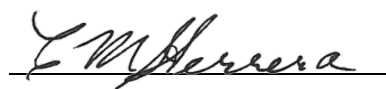
Commitments and contingencies (note 8)

See accompanying notes to financial statements.

Approved by the Board:



Director



Director

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	General Fund	Restricted Funds	Endowment Fund	2022	2021
					(Schedule 1)
Revenue:					
Fundraising	\$ 1,194,432	\$ 1,371,380	\$ 17,401	\$ 2,583,213	\$ 4,241,877
Investment income	2,746,477	243,690	-	2,990,167	4,039,110
Rentals and cost recovery	-	1,129,507	-	1,129,507	1,055,341
	3,940,909	2,744,577	17,401	6,702,887	9,336,328
Expenses:					
Grants and programs (note 5)	1,050,341	3,566,897	-	4,617,238	4,773,423
Amortization of capital assets	62,499	197,868	-	260,367	689,377
Administration (note 6)	1,634,281	-	-	1,634,281	1,432,011
Fundraising (note 7)	660,387	-	-	660,387	554,313
Investment counsel and management	23,291	29,583	-	52,874	96,594
	3,430,799	3,794,348	-	7,225,147	7,545,718
Unrealized gain (loss) on investments	(349,659)	-	-	(349,659)	5,267,364
Excess (deficiency) of revenue over expenses	160,451	(1,049,771)	17,401	(871,919)	7,057,974
Fund balances, beginning of year	30,734,684	20,908,312	2,846,946	54,489,942	47,431,968
Interfund transfers (note 9 and Schedule 2)	(26,622,066)	26,622,066	-	-	-
Fund balances, end of year	\$ 4,273,069	\$ 46,480,607	\$ 2,864,347	\$ 53,618,023	\$ 54,489,942

See accompanying notes to financial statements.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (871,919)	\$ 7,057,974
Add amortization which does not involve cash	260,367	689,377
Unrealized loss (gain) on investments	349,659	(5,267,364)
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	(24,042)	(223,241)
Current liabilities	(538,802)	840,688
	<u>(824,737)</u>	<u>3,097,434</u>
Investing activities:		
Additions to capital assets	(1,787,968)	(3,373,793)
Changes in investments:		
Reinvested investment income	(2,979,196)	(4,025,957)
Net withdrawals from investments	4,364,140	6,600,434
Increase in cash surrender value, life insurance policy	(2,264)	(2,054)
	<u>(405,288)</u>	<u>(801,370)</u>
Increase (decrease) in cash	(1,230,025)	2,296,064
Cash, beginning of year	3,957,332	1,661,268
Cash, end of year	<u>\$ 2,727,307</u>	<u>\$ 3,957,332</u>

See accompanying notes to financial statements

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

Children's Health Foundation of Vancouver Island (the "Foundation") is a registered charity under the Income Tax Act and is incorporated under the Societies Act (British Columbia). The primary purpose of the Foundation is to raise and invest funds to support the health and well-being of children and youth in need on Vancouver Island and the surrounding Islands.

1. Significant accounting policies:

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The General Fund includes investment income and fundraising revenue received for which there are no restrictions attached by the donor.

The Endowment Fund includes resources contributed for endowment where the principal must be held in perpetuity. Investment income earned on the resources of the Endowment Fund is reported in the appropriate restricted funds.

The Restricted Funds include resources subject to restrictions by the donor and amounts internally restricted by the board of directors.

(i) GR Pearkes Child Development Fund:

This fund is administered by the Foundation and relates to externally restricted funds of the former GR Pearkes Foundation, which was merged with the Foundation.

(ii) Western Communities Centres Funds - West Shore and Sooke:

These funds were established to receive externally restricted donations towards the Western Communities facilities and were used primarily to fund the capital costs of the buildings.

(iii) Jeneece Place Fund:

This fund was established to receive externally restricted donations for the construction and operation of Jeneece Place. The purpose of Jeneece Place is to provide a home away from home for families who have to travel to Victoria for medical care.

(iv) Qwalayu House Fund:

This fund was established to receive externally restricted donations for the construction and operation of Qwalayu House. The purpose of Qwalayu House is to provide a home away from home for families who have to travel to Campbell River for medical care.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

(v) Jesse's House Fund:

This fund was established to receive externally restricted donations for the construction and operation of Jesse's House. The purpose of Jesse's House is to provide a home away from home for families who have to travel to Nanaimo for medical care.

(vi) Queen Alexandra Centre Fund:

This fund was established to receive externally restricted donations in support of child, youth and family programs or services that originate or are hosted by the Queen Alexandra Centre for Children's Health.

(vii) Ronald Bayne RDSP Fund:

This fund was established to support the Registered Disability Savings Plan (RDSP) program that is operated by the Vancouver Island Health Authority. The RDSP program supports families who have children with disabilities in creating a personal RDSP.

(viii) Named funds:

The Foundation administers funds of special donors in Named Funds. These funds have restrictions by the donors that prescribe the allocation of the resources to specific programs, such as scholarships, child development and research.

(ix) Other program funds:

The Foundation administers program funds (other than those specifically defined). The program funds have restrictions by the donors that prescribe the allocation of the resources to specific programs.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and changes in fair value are recognized in excess of revenue over expenses in the period incurred. 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 not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line method.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial assets 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.

(c) Capital assets:

Land:

In 1996 the Foundation recorded the transfer of three parcels of land from the Queen Alexandra Centre for Children's Health (the "Centre"). Two of the parcels are leased to Island Health under restrictive use conditions at \$1 per year for 60 years. Accordingly, the value of these two parcels is nominal and was recorded at an amount of \$1. During 2009 the third parcel was sold. During 2009 the Foundation acquired a fourth parcel of land adjacent to the Centre site and recorded the acquisition at cost.

In 2011 the Foundation entered into an agreement with Island Health which grants a license of occupation of land for the purposes of constructing and operating Jeneece Place. The term of the agreement is for 60 years, subject to various conditions of use.

In 2021 the Foundation entered into an agreement with Island Health which grants a license of occupation of land for the purposes of constructing and operating Qwalayu House. The term of the agreement is for 40 years, subject to various conditions of use.

The remaining land is recorded at cost.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(c) Capital assets (continued):

Buildings and equipment:

Purchased buildings and equipment are recorded at cost. Assets are amortized over their estimated useful lives using the following methods and rates:

Asset	Basis	Rate
Buildings	straight-line	20 and 40 years
Furniture and Equipment	straight-line	10 years
Machinery	straight-line	20 years
Computer hardware	straight-line	3 years
Computer software	straight-line	10 years

When a capital asset no longer contributes to the Foundation's ability to provide services its carrying value is written down to its residual value.

Capital assets in progress are not amortized until placed into use.

(d) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the appropriate restricted fund when received or receivable. Restricted contributions received specifically for use in subsequent periods are deferred until the specified period in the appropriate fund. Contributions for endowment are recognized as revenue in the Endowment Fund when received or receivable.

Investment income which is required to be expended for restricted purposes is recognized in the appropriate Restricted Fund. Unrestricted investment income, including realized and unrealized gains or losses on investments, is recognized in the General Fund.

Bequests, legacies and unspecified donations are recorded when received by the Foundation.

Rental revenue is recorded on a straight-line basis over the term of the rental agreement as rental services are provided to the tenant. Rental revenue is based on a cost-recovery model.

Donations of life insurance policies are recorded as revenue when the funds are received by the Foundation. The cash surrender value of the life insurance policies and changes in the cash surrender value are recorded for those policies in which the Foundation is the beneficiary. The annual change in the aggregate cash value is recorded in the statement of operations.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) Contributed services and materials:

Volunteers contributed time during the year to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the financial statements.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

2. Investments:

	2022	2021
Cash and money market securities	\$ -	\$ 48,413
Fixed income funds	11,718,723	12,259,082
Global and international equity funds	23,680,884	26,905,209
Infrastructure funds	5,328,700	3,250,206
	<u>\$ 40,728,307</u>	<u>\$ 42,462,910</u>

	2022	2021
Opening balance	\$ 42,462,910	\$ 39,770,023
Reinvested investment income	2,979,196	4,025,957
Unrealized (losses) gains	(349,659)	5,267,364
Net withdrawals from investments	(4,364,140)	(6,600,434)
Closing balance	<u>\$ 40,728,307</u>	<u>\$ 42,462,910</u>

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

3. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Child, Youth and Family Centres:				
Sooke Child Youth and Family Centre:				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	2,151,822	1,843,352	308,470	322,492
Equipment	30,843	11,886	18,957	22,041
	<u>2,302,665</u>	<u>1,855,238</u>	<u>447,427</u>	<u>464,533</u>
West Shore Child Youth and Family Centre:				
Land	870,000	-	870,000	870,000
Building	7,016,152	5,227,684	1,788,468	1,859,876
Furniture and equipment	92,908	23,227	69,681	78,972
	<u>7,979,060</u>	<u>5,250,911</u>	<u>2,728,149</u>	<u>2,808,848</u>
Jeneece Place:				
Building	2,540,299	1,208,460	1,331,839	1,376,606
Equipment	183,386	183,386	-	12,429
Machinery	9,875	2,057	7,818	8,312
	<u>2,733,560</u>	<u>1,393,903</u>	<u>1,339,657</u>	<u>1,397,347</u>
Qwalayu House:				
Work in progress	-	-	-	3,552,855
Building	4,776,469	29,853	4,746,616	-
Furniture and equipment	478,884	12,520	466,364	-
	<u>5,255,353</u>	<u>42,373</u>	<u>5,212,980</u>	<u>3,552,855</u>
Total restricted funds	18,270,638	8,542,425	9,728,213	8,223,583
Unrestricted:				
Land (Gordon Head and QA Centre)	587,500	-	587,500	587,501
Buildings	278,277	213,558	64,719	78,640
Office equipment	122,822	41,450	81,372	92,740
Computer software and hardware	261,647	141,768	119,879	71,618
	<u>1,250,246</u>	<u>396,776</u>	<u>853,470</u>	<u>830,499</u>
	<u>\$ 19,520,884</u>	<u>\$ 8,939,201</u>	<u>\$ 10,581,683</u>	<u>\$ 9,054,082</u>

The Foundation owns real property in four areas of southern Vancouver Island.

The two properties in Sooke and West Shore provide facilities for local community service agencies to deliver services to children, youth and their families in these communities.

Jeneece Place is situated on the grounds of the Victoria General Hospital in the Town of View Royal. The Gordon Head properties represent the land and buildings of the Queen Alexandra Centre and properties adjacent to the Centre.

Qwalayu House is situated on the grounds of the North Island Hospital, Campbell River campus.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

4. Internally restricted funds:

At its Board meeting on March 13, 2019, the Board adopted a Spending and Capital Project Plan whereby the balance of \$23,032,847 was determined to be the Board Designated Minimum Capital (BDMC) effective April 1, 2019. This balance is to be managed internally as a form of endowment so that the capital is held to ensure the future stability of the Foundation, its assets, and the Community it serves. This balance shall grow annually at an inflationary rate determined by the Board while the income earned on the capital balance will be used to fund programs and operations. The balance at March 31, 2022 was \$24,778,128 (2021 - \$23,963,374), an increase of 3.4% over the prior year balance.

The Sustainability Fund was created in December 2021 and is to be maintained, at a minimum, at the BDMC level. Distributions to fund programs and operations may be made at the discretion of the Board to an annual maximum of 3.5% provided that the fund balance exceeds the current BDMC. Where the undistributed balance of the Sustainability Fund is greater than 110% of the BDMC the Board may approve an additional distribution be made. The balance at March 31, 2022 was \$24,778,128 (2021 - \$nil).

The other internally restricted amounts within the restricted fund are \$1,916,591 (2021 - \$1,759,980) for a capital replacement reserve.

5. Grants and programs:

Grants and programs expenses funded by the Foundation cover the following areas:

	2022	2021
Bear Essentials (*)	\$ 559,250	\$ 600,000
Queen Alexandra Centre	582,371	648,705
Mental Health	818,750	681,447
Home Away from Homes	938,082	597,118
Child, Youth and Family Centres	969,718	917,362
Scholarships and Bursaries	121,000	108,000
Other Partnership Grants	628,067	1,220,791
	\$ 4,617,238	\$ 4,773,423

* Bear Essentials was previously funded by the Foundation but operated by Help Fill A Dream (HFAD). The Funding to HFAD in the prior fiscal was \$600,000.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

6. Administration expenses:

Administration costs paid by the Foundation cover the following areas:

	2022	2021
Administration	\$ 891,170	\$ 760,363
Communications	470,759	380,293
Family programs and impact	272,352	291,355
	<u>\$ 1,634,281</u>	<u>\$ 1,432,011</u>

Administration costs are incurred to provide core mission support. Items that fall under administration include information technology, corporate governance and strategic planning, finance, human resources, and facilities.

Communication costs include, but are not limited to, print and digital advertising, website hosting and maintenance, printing, signage and displays, promotional material, photography, and videography.

Family programs and impact costs includes community partner engagement, hosting leadership and professional development events, research and capacity building activities and staff wages to undertake this work.

7. Fundraising expenses:

Fundraising costs include donor relations and communications (visits, newsletters, appeals), hosting of internal and external events, fundraising administration, professional development and staff wages to undertake this work.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

8. Commitments and contingencies:

- (a) The Foundation is committed to future payments under property management agreements. Future minimum management fees under these agreements are as follows:

2023	\$ 161,610
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- (b) The Foundation is committed to funding an Infant Mental Health project that builds strong attachment between parents/caregivers and their young children and that fosters mental well-being of children. The focus is on increased prevention and early intervention for infants with mental health issues, especially those who have higher Adverse Childhood Experiences (ACE) scores.

Annual maximum of:	
2023	\$ 356,000
2024	356,000

- (c) The Foundation is committed to funding Port Alberni Intensive Support and Engagement program working with underserved youth experiencing mental health concerns, high-risk substance use, familial or community disconnection, precarious housing and sexual violence and exploitation.

Annual maximum of:	
2023	\$ 31,250
2024	125,000

- (d) In 2002, the Foundation received a \$2,000,000 capital grant from the Ministry of Children and Family Development under the Human Resource Facility Act. The capital funding was provided to assist with the development of child and family services in Sooke and West Shore and it was used for the construction of facilities in the Western Communities. Based on the restrictions within the Human Resource Facility agreements, if the Western Communities properties are sold or cease to be used for the purpose the funding was provided for, at that time the Ministry may ask for repayment of the assistance based on the current value of the property. Allocation of the capital grant for each property is \$666,000 for Sooke and \$1,334,000 for Wale Road and is included in invested in capital assets.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

8. Commitments and contingencies (continued):

- (e) The Foundation is committed to funding the Victoria Youth Mental Health Hub, now called Foundry Victoria, a collaborative partnership to enhance mental health services for youth in Victoria.

Annual maximum of:	
2023	\$ 225,000
2024	225,000

- (f) The Foundation is committed to fund Foundry Port Hardy to assist them in developing a permanent youth mental health hub in Port Hardy.

Annual maximum of:	
2023	\$ 300,000

- (g) The Foundation is committed to fund Need2 Suicide Prevention programs; Youthspace.ca a digital crisis line and workshops delivered to students in Greater Victoria schools.

Annual maximum of:	
2023	\$ 50,000

- (h) The Foundation is committed to fund the Vancouver Island Pediatric Therapy Equipment that will allow families to borrow equipment through the child development program in their region via a shared inventory.

Annual maximum of:	
2023	\$ 75,000
2024	75,000

- (i) The Foundation is committed to fund various elements at the Queen Alexandra Centre including programs, research, staff development and equipment to support early childhood development, mental health and children/youth with complex needs.

Annual maximum of:	
2023	\$ 265,000

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

8. Commitments and contingencies (continued):

- (j) The Foundation is committed to fund Power to Be for Inclusive Adventures programs to improve the physical and mental health of participants while fostering community connection and environmental awareness.

Annual maximum of:	
2023	\$ 25,000
2024	50,000
2025	75,000

- (k) The Foundation is committed to fund Cerebral Palsy Association of British Columbia for an Awareness project to elevate understanding, develop resources and provide support for those living with cerebral palsy and their families.

Annual maximum of:	
2023	\$ 200,000

- (l) The Foundation is committed to future payments under various contracts for service. Future minimum payments under these agreements are as follows:

Annual maximum of:	
2023	\$ 394,781
2024	52,234
2025	18,572
2026	660

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

9. Interfund transfers:

Interfund transfers of \$24,778,128 were made from the general fund to internally restrict funds related to the Sustainability Fund (see note 4).

Interfund transfers of \$497,248 were made from the general fund to offset deficits in externally restricted funds. The general fund was repaid \$28,201 for grant payments made on behalf of the restricted funds.

Within the restricted fund, interfund transfers were made to increase the internally restricted capital replacement reserves by \$26,288 for Jeneece Place, \$101,234 for the West Shore Child, Youth, and Family Centre, and \$29,089 for the Sooke Child, Youth, and Family Centre.

Within the restricted fund, interfund transfers of \$8,547 were made by Committee decision to be put towards another fund's purpose.

In addition, the general fund loaned the Qwalayu House fund \$1,340,550 (2021 - \$568,829) to pay for its capital build, bringing the total loan from the general fund to \$1,909,379. Once the Qwalayu House fund has raised the necessary funds it will repay the general fund. There are no terms attached to this loan.

10. 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. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2018 indicated a surplus of \$2,866 million for basic pension benefits on a going concern basis.

Due to insufficient information relating to the Foundation's share of the Plan's assets and liabilities, the Foundation accounts for the Plan as if it were a defined contribution plan. The Foundation's annual cost is represented by contributions required for the respective year. During the year, the Foundation paid \$107,164 (2021 - \$82,057) for employer contributions to the plan.

11. Employee and contractor remuneration:

The BC Societies Act requires disclosure of the remuneration of directors, employees, and contractors; for employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending March 31, 2022, the Foundation paid remuneration of \$1,078,531 to 9 employees (2021 - \$1,072,510 to 9 employees), each of whom received total annual remuneration of \$75,000 or greater. There was no remuneration paid to directors in 2022 or 2021.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2022

12. Financial instruments:

(a) Foreign currency risk:

The Foundation holds a foreign-denominated bank account and investments in equities outside of Canada which are subject to foreign exchange risk. At March 31, 2022, the Foundation held foreign accounts and investments with a fair value of \$23,680,884 (2021 - \$26,908,862).

(b) Interest rate risk:

The Foundation's exposure to interest rate risk relates to its investments in fixed income funds. The fair value of these funds is directly impacted by changes in interest rates.

(c) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Foundation manages the risk associated with credit risk through its policy of dealing with high credit quality financial institutions. Investments are managed by external advisors in accordance with the Foundation's Investment Policy specifying the required asset mix and minimum required credit ratings of investments within the portfolio.

(d) 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 flow forecasts to ensure it has sufficient funds to fulfill its obligations.

13. Change in accounting estimate:

During the year, the Foundation changed its estimate of the useful life of the Sooke, West Shore and Jeneece Place buildings from 20 years to 40 years to align more closely with depreciation reports. The change in estimate of remaining useful life was reflected prospectively from April 1, 2021.

Amortization of Qwayalu House began during the fiscal year. Qwayalu House is being amortized over a 40 year useful life.

14. Comparative information:

The presentation of certain comparative information in Schedule 2 has been changed to conform to the presentation adopted in the current year.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Schedule of Operations and Changes in Fund Balances

Schedule 1

Year ended March 31, 2022, with comparative information for 2021

	2022				2021			
	Total	General Fund	Restricted Funds	Endowment Fund	Total	General Fund	Restricted Funds	Endowment
Revenue:								
Fundraising	\$ 2,583,213	\$ 1,194,432	\$ 1,371,380	\$ 17,401	\$ 4,241,877	\$ 914,026	\$ 3,327,851	-
Investment income	2,990,167	2,746,477	243,690	-	4,039,110	3,728,673	310,437	-
Rentals and cost recovery	1,129,507	-	1,129,507	-	1,055,341	-	1,055,341	-
	6,702,887	3,940,909	2,744,577	17,401	9,336,328	4,642,699	4,693,629	-
Expenses:								
Grants and programs	4,617,238	1,050,341	3,566,897	-	4,773,423	1,141,214	3,632,209	-
Amortization of capital assets	260,367	62,499	197,868	-	689,377	72,756	616,621	-
Administration	1,634,281	1,634,281	-	-	1,432,011	1,432,011	-	-
Fundraising	660,387	660,387	-	-	554,313	554,313	-	-
Investment counsel and management	52,874	23,291	29,583	-	96,594	68,991	27,603	-
	7,225,147	3,430,799	3,794,348	-	7,545,718	3,269,285	4,276,433	-
Unrealized (loss) gain on investments	(349,659)	(349,659)	-	-	5,267,364	5,267,364	-	-
Excess (deficiency) of revenue over expenses	(871,919)	160,451	(1,049,771)	17,401	7,057,974	6,640,778	417,196	-
Fund balances, beginning of year	54,489,942	30,734,684	20,908,312	2,846,946	47,431,968	25,756,610	18,828,412	2,846,946
Other interfund transfers	-	(26,622,066)	26,622,066	-	-	(1,662,704)	1,662,704	-
Fund balances, end of year	\$ 53,618,023	\$ 4,273,069	\$ 46,480,607	\$ 2,864,347	\$ 54,489,942	\$ 30,734,684	\$ 20,908,312	\$ 2,846,946

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND
Schedule of Changes in Fund Balances
Year ended March 31, 2022

Schedule 2

	Balance beginning of year	Fundraising revenue	Investment income	Rentals and cost recovery	Grants and programs, administration, fundraising investment fees	Amortization	Excess (deficiency) of revenue over expenses	Transfer from (to) General Fund	Balance end of year
Externally restricted:									
Bear Essentials	\$ -	\$ 62,002	\$ -	\$ -	\$ (559,250)	\$ -	\$ (497,248)	\$ 497,248	\$ -
GR Pearkes Child Development	6,070,718	-	-	-	(978,848)	-	(978,848)	-	5,091,870
HerWay Home	-	4,020	-	-	-	-	4,020	-	4,020
Innovation in Mental Health	-	21,178	-	-	-	-	21,178	(21,178)	-
Queen Alexandra Centre	-	7,023	-	-	-	-	7,023	(7,023)	-
Named Funds									
Goulding Wilson Memorial	124,753	-	23,229	-	-	-	23,229	(3,547)	144,435
Lisa Huus Memorial	309,525	100	206,234	-	(147,787)	-	58,547	-	368,072
Vantreight	5,417	-	2,057	-	(14)	-	2,043	(5,000)	2,460
Women's Institute	12,330	650	834	-	(2,000)	-	(516)	-	11,814
Ronald Bayne RDSP Fund	156,314	-	11,199	-	(782)	-	10,417	-	166,731
Home Away From Home Funds									
Jeneece Place (Note 1)	3,133,354	166,130	-	69,573	(424,086)	(57,691)	(246,074)	(26,288)	2,860,992
Qwalayu House (Note 2)	4,052,857	1,055,562	-	9,053	(474,239)	(42,373)	548,003	1,340,550	5,941,410
Jesse's House	2,000,000	54,715	-	-	(39,756)	-	14,959	3,547	2,018,506
Building Funds									
Sooke Child, Youth and Family Centre	466,516	-	33	306,258	(281,664)	(17,105)	7,522	(26,613)	447,425
West Shore Child, Youth and Family Centre	2,816,548	-	104	744,623	(688,054)	(80,699)	(24,026)	(64,369)	2,728,153
Total Externally Restricted Funds	\$ 19,148,332	\$ 1,371,380	\$ 243,690	\$ 1,129,507	\$ (3,596,480)	\$ (197,868)	\$ (1,049,771)	\$ 1,687,327	\$ 19,785,888
Internally restricted:									
Capital Replacement Reserves	1,759,980	-	-	-	-	-	-	156,611	1,916,591
Sustainability Fund	-	-	-	-	-	-	-	24,778,128	24,778,128
Total Internally Restricted Funds	\$ 1,759,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,934,739	\$ 26,694,719
Total Restricted Funds	\$ 20,908,312	\$ 1,371,380	\$ 243,690	\$ 1,129,507	\$ (3,596,480)	\$ (197,868)	\$ (1,049,771)	\$ 26,622,066	\$ 46,480,607
Endowment									
Goulding Wilson Fund	\$ 201,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	201,252
Vantreight Endowment Fund	25,600	400	-	-	-	-	400	-	26,000
Lisa Huus Endowment Fund	2,620,094	17,001	-	-	-	-	17,001	-	2,637,095
Total Endowment Funds	\$ 2,846,946	\$ 17,401	\$ -	\$ -	\$ -	\$ -	\$ 17,401	\$ -	\$ 2,864,347
General									
General unrestricted (note 3)	\$ 6,771,310	1,194,432	2,396,818	-	(3,368,300)	(62,499)	160,451	(2,658,692)	4,273,069
Sustainability Fund	23,963,374	-	-	-	-	-	-	(23,963,374)	-
Total Fund Balances	\$ 54,489,942	\$ 2,583,213	\$ 2,640,508	\$ 1,129,507	\$ (6,964,780)	\$ (260,367)	\$ (871,919)	\$ -	\$ 53,618,023

Note 1: Of the ending balance of \$2,860,992, \$1,339,657 represents amounts invested in capital assets. The remaining amount of \$1,521,335 represents cash restricted to fund future operations.

Note 2: Of the ending balance of \$5,941,410, \$5,212,980 represents amounts invested in capital assets. The remaining amount of \$728,431 represents cash restricted to fund future operations.

Note 3: Of the ending balance of \$4,273,069, \$853,470 represents amounts invested in capital assets. The remaining amount of \$3,419,599 represents general unrestricted funds.