

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
July 6, 2023

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	General Fund	Restricted Funds	Endowment Fund	2023	2022
Assets					
Current assets:					
Cash	\$ 1,731,267	\$ 802,259	\$ -	\$ 2,533,526	\$ 2,727,307
Accounts receivable	119,181	87,162	-	206,343	317,174
Prepaid expenses	192,474	1,052	-	193,526	187,861
	2,042,922	890,473	-	2,933,395	3,232,342
Investments (note 2)	92,566	35,813,762	2,869,747	38,776,075	40,728,307
Cash surrender value, life insurance policy	-	-	-	-	58,675
Capital assets (note 3)	888,176	9,546,483	-	10,434,659	10,581,683
	\$ 3,023,664	\$ 46,250,718	\$ 2,869,747	\$ 52,144,129	\$ 54,601,007

Liabilities

Current liabilities:					
Accounts payable and accrued liabilities	\$ 858,699	\$ 245,999	\$ -	\$ 1,104,698	\$ 907,456
Deferred revenue	10,895	48,587	-	59,482	75,528
	869,594	294,586	-	1,164,180	982,984

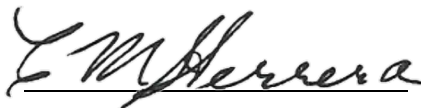
Fund Balances


Invested in capital assets	888,176	9,546,483	-	10,434,659	10,581,683
Unrestricted	1,265,894	-	-	1,265,894	3,419,599
Externally restricted	-	9,345,413	-	9,345,413	10,057,675
Internally restricted (note 4)	-	27,064,236	-	27,064,236	26,694,719
Endowment	-	-	2,869,747	2,869,747	2,864,347
	2,154,070	45,956,132	2,869,747	50,979,949	53,618,023
	\$ 3,023,664	\$ 46,250,718	\$ 2,869,747	\$ 52,144,129	\$ 54,601,007

Commitments and contingencies (note 9)

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, 2023, with comparative information for 2022

	General Fund	Restricted Funds	Endowment Fund	2023	2022
					(Schedule 1)
Revenue:					
Fundraising	\$ 1,141,243	\$ 1,942,677	\$ 5,400	\$ 3,089,320	\$ 2,583,213
Investment income	269,564	481,320	-	750,884	2,990,167
Rentals and cost recovery	-	1,089,090	-	1,089,090	1,129,507
	1,410,807	3,513,087	5,400	4,929,294	6,702,887
Expenses:					
Grants and programs (note 5)	644,627	3,588,637	-	4,233,264	4,617,238
Amortization of capital assets	54,824	314,483	-	369,307	260,367
Administration (note 6)	1,985,944	-	-	1,985,944	1,634,281
Fundraising (note 7)	767,799	-	-	767,799	660,387
Investment counsel and management	50,003	30,664	-	80,667	52,874
	3,503,197	3,933,784	-	7,436,981	7,225,147
Unrealized loss on investments	-	(130,387)	-	(130,387)	(349,659)
Excess (deficiency) of revenue over expenses	(2,092,390)	(551,084)	5,400	(2,638,074)	(871,919)
Fund balances, beginning of year	4,273,069	46,480,607	2,864,347	53,618,023	54,489,942
Interfund transfers (note 8 and Schedule 2)	(26,609)	26,609	-	-	-
Fund balances, end of year	\$ 2,154,070	\$ 45,956,132	\$ 2,869,747	\$ 50,979,949	\$ 53,618,023

See accompanying notes to financial statements.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (2,638,074)	\$ (871,919)
Add amortization which does not involve cash	369,307	260,367
Unrealized loss on investments	130,387	349,659
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	105,166	(24,042)
Current liabilities	181,196	(538,802)
	<u>(1,852,018)</u>	<u>(824,737)</u>
Investing activities:		
Additions to capital assets	(222,283)	(1,787,968)
Changes in investments:		
Reinvested investment income	(670,314)	(2,979,196)
Net withdrawals from investments	2,492,159	4,364,140
Change in cash surrender value, life insurance policy	58,675	(2,264)
	<u>1,658,237</u>	<u>(405,288)</u>
Decrease in cash	(193,781)	(1,230,025)
Cash, beginning of year	2,727,307	3,957,332
Cash, end of year	<u>\$ 2,533,526</u>	<u>\$ 2,727,307</u>

See accompanying notes to financial statements

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2023

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, 2023

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 Island Health. 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 elected to carry infrastructure funds 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, 2023

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 2022 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, 2023

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, 2023

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:

	2023	2022
Fixed income funds	\$ 5,415,794	\$ 11,718,723
Global and international equity funds	22,899,868	23,680,884
Infrastructure funds	10,460,413	5,328,700
	<u>\$ 38,776,075</u>	<u>\$ 40,728,307</u>

	2023	2022
Opening balance	\$ 40,728,307	\$ 42,462,910
Reinvested investment income	670,314	2,979,196
Unrealized losses	(130,387)	(349,659)
Net withdrawals from investments	(2,492,159)	(4,364,140)
Closing balance	<u>\$ 38,776,075</u>	<u>\$ 40,728,307</u>

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2023

3. Capital assets:

			2023	2022
	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	1,857,373	294,449	308,470
Equipment	38,992	15,377	23,615	18,957
	2,310,814	1,872,750	438,064	447,427
West Shore Child Youth and Family Centre:				
Land	870,000	-	870,000	870,000
Building	7,016,152	5,299,091	1,717,061	1,788,468
Furniture and equipment	92,908	32,518	60,390	69,681
	7,979,060	5,331,609	2,647,451	2,728,149
Jeneece Place:				
Building	2,566,544	1,253,665	1,312,879	1,331,839
Furniture and equipment	196,116	186,080	10,036	7,818
	2,762,660	1,439,745	1,322,915	1,339,657
Qwalayu House:				
Building	4,800,020	149,567	4,650,453	4,746,616
Furniture and equipment	491,614	63,237	428,377	466,364
	5,291,634	212,804	5,078,830	5,212,980
Jesse's House:				
Work in progress	59,223	-	59,223	-
Total restricted funds	18,403,391	8,856,908	9,546,483	9,728,213
Unrestricted:				
Land (Gordon Head and QA Centre)	587,500	-	587,500	587,500
Buildings	278,277	227,478	50,799	64,719
Office equipment	122,822	53,726	69,096	81,372
Computer software and hardware	351,177	170,396	180,781	119,879
	1,339,776	451,600	888,176	853,470
	\$ 19,743,167	\$ 9,308,508	\$ 10,434,659	\$ 10,581,683

The Foundation owns real property across Vancouver Island. The 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. 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, 2023

3. Capital assets (continued):

The Gordon Head properties represent the land and buildings of the Queen Alexandra Centre and properties adjacent to the Centre.

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, 2023 was \$26,463,041 (2022 - \$24,778,128), an increase of 6.8% over the prior year balance.

The Sustainability Fund was created in December 2022 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, 2023 was \$25,064,422 (2022 - \$24,778,128).

The other internally restricted amounts within the restricted fund are \$1,999,814 (2022 - \$1,916,591) for a capital replacement reserve.

5. Grants and programs:

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

	2023	2022
Bear Essentials	\$ 575,894	\$ 559,250
Queen Alexandra Centre	221,190	582,371
Mental Health	549,052	818,750
Home Away from Homes	1,127,346	938,082
Child, Youth and Family Centres	927,942	969,718
Scholarships and Bursaries	171,340	121,000
Other Partnership Grants	660,500	628,067
	<u>\$ 4,233,264</u>	<u>\$ 4,617,238</u>

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2023

6. Administration expenses:

Administration costs paid by the Foundation cover the following areas:

	2023	2022
Administration	\$ 1,085,828	\$ 891,170
Communications	497,709	470,759
Family programs and impact	402,407	272,352
	<u>\$ 1,985,944</u>	<u>\$ 1,634,281</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.

8. Interfund transfers:

Interfund transfers of \$33,475 were made from the general fund to offset deficits in externally restricted funds. The general fund received a net of \$6,866 for grant and program 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 (\$3,328) for Jeneece Place, \$62,923 for the West Shore Child, Youth, and Family Centre, and \$23,628 for the Sooke Child, Youth, and Family Centre.

In previous years the general fund loaned the Qwalayu House fund a total of \$1,909,379 to pay for its capital build. Once the Qwalayu House fund has raised the necessary funds it will repay the general fund; during the year \$45,000 was repaid, reducing the loan to \$1,864,379. There are no terms attached to this loan.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2023

9. Commitments and contingencies:

- (a) The Foundation is committed to funding a limited number of external programs that align with the Foundation's mission to enhance health care for children, youth and families on Vancouver Island and surrounding islands.
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Annual maximum of:	
2024	\$1,056,000
2025	75,000

- (b) 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 was used for the construction of facilities in these communities. Based on the restrictions within the Human Resource Facility agreements, if the Sooke and West Shore 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.
- (c) The Foundation is committed to future payments under various contracts for service. Future minimum payments under these agreements are as follows:
-

Annual maximum of:	
2024	\$ 482,244
2025	22,170
2026	3,360
2027	2,700
2028	2,700

10. 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, 2023, the Foundation paid remuneration of \$1,245,262 to ten employees (2022 - \$1,078,531 to nine employees), each of whom received total annual remuneration of \$75,000 or greater. There was no remuneration paid to directors in 2023 or 2022.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2023

11. Employee pension plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd 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, 2021, the plan has about 240,000 active members and approximately 124,000 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, 2021 indicated a surplus of \$3,761 million for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024, with results available in 2025.

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 \$153,859 (2022 - \$128,082) for employer contributions to the plan.

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, 2023, the Foundation held foreign accounts and investments with a fair value of \$22,899,869 (2022 - \$23,680,884).

(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.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND
 Schedule of Operations and Changes in Fund Balances

Schedule 1

Year ended March 31, 2023, with comparative information for 2022

	2023				2022			
	Total	General Fund	Restricted Funds	Endowment Fund	Total	General Fund	Restricted Funds	Endowment
Revenue:								
Fundraising	\$ 3,089,320	\$ 1,141,243	\$ 1,942,677	5,400	\$ 2,583,213	\$ 1,194,432	\$ 1,371,380	\$ 17,401
Investment income	750,884	269,564	481,320	-	2,990,167	2,746,477	243,690	-
Rentals and cost recovery	1,089,090	-	1,089,090	-	1,129,507	-	1,129,507	-
	4,929,294	1,410,807	3,513,087	5,400	6,702,887	3,940,909	2,744,577	17,401
Expenses:								
Grants and programs	4,233,264	644,627	3,588,637	-	4,617,238	1,050,341	3,566,897	-
Amortization of capital assets	369,307	54,824	314,483	-	260,367	62,499	197,868	-
Administration	1,985,944	1,985,944	-	-	1,634,281	1,634,281	-	-
Fundraising	767,799	767,799	-	-	660,387	660,387	-	-
Investment counsel and management	80,667	50,003	30,664	-	52,874	23,291	29,583	-
	7,436,981	3,503,197	3,933,784	-	7,225,147	3,430,799	3,794,348	-
Unrealized loss on investments	(130,387)	-	(130,387)	-	(349,659)	(349,659)	-	-
Excess (deficiency) of revenue over expenses	(2,638,074)	(2,092,390)	(551,084)	5,400	(871,919)	160,451	(1,049,771)	17,401
Fund balances, beginning 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
Other interfund transfers	-	(26,609)	26,609	-	-	(26,622,066)	26,622,066	-
Fund balances, end of year	\$ 50,979,949	\$ 2,154,070	\$ 45,956,132	\$ 2,869,747	\$ 53,618,023	\$ 4,273,069	\$ 46,480,607	\$ 2,864,347

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Schedule of Changes in Fund Balances
Year ended March 31, 2023

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	\$ -	\$ 749,988	\$ -	\$ -	\$ (575,894)	\$ -	\$ 174,094	\$ 50,906	\$ 225,000
GR Pearkes Child Development	5,091,870	-	-	-	(766,744)	-	(766,744)	-	4,325,126
HerWay Home	4,020	-	-	-	-	-	-	(4,020)	-
Innovation in Mental Health	-	20,789	-	-	-	-	20,789	(20,789)	-
Queen Alexandra Centre	-	33,025	-	-	(19,370)	-	13,655	(13,655)	-
Named Funds									
Goulding Wilson Memorial	144,435	-	5,720	-	-	-	5,720	(12,937)	137,218
Lisa Huus Memorial	368,072	-	49,635	-	(157,528)	-	(107,893)	-	260,179
Vantreight	2,460	-	459	-	(13)	-	446	(2,461)	445
Women's Institute	11,814	1,000	191	-	(2,000)	-	(809)	-	11,005
Ronald Bayne RDSP Fund	166,731	-	2,463	-	(41,981)	-	(39,518)	-	127,213
Tim Miller Fund	-	202,800	1,625	-	(482)	-	203,943	(10,000)	193,943
Home Away From Home Funds									
Jeneece Place (Note 1)	2,860,992	239,725	-	75,393	(449,025)	(45,842)	(179,749)	3,328	2,684,571
Qwalayu House (Note 2)	5,941,410	618,273	-	29,075	(446,102)	(170,429)	30,817	4,171	5,976,398
Jesse's House	2,018,506	77,077	-	-	(232,220)	-	(155,143)	1,921	1,865,284
Building Funds									
Sooke Child, Youth and Family Centre	447,425	-	1,136	296,989	(272,104)	(17,513)	8,508	(17,872)	438,061
West Shore Child, Youth and Family Centre	2,728,153	-	3,410	687,633	(655,838)	(80,699)	(45,494)	(35,206)	2,647,453
Total Externally Restricted Funds	19,785,888	1,942,677	64,639	1,089,090	(3,619,301)	(314,483)	(837,378)	(56,614)	18,891,896
Internally restricted:									
Capital Replacement Reserves	1,916,591	-	-	-	-	-	-	83,223	1,999,814
Sustainability Fund	24,778,128	-	286,294	-	-	-	286,294	-	25,064,422
Total Internally Restricted Funds	26,694,719	-	286,294	-	-	-	286,294	83,223	27,064,236
Total Restricted Funds	\$ 46,480,607	\$ 1,942,677	\$ 350,933	\$ 1,089,090	\$ (3,619,301)	\$ (314,483)	\$ (551,084)	\$ 26,609	\$ 45,956,132
Endowment									
Goulding Wilson Fund	\$ 201,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	201,252
Vantreight Endowment Fund	26,000	-	-	-	-	-	-	-	26,000
Lisa Huus Endowment Fund	2,637,095	5,400	-	-	-	-	5,400	-	2,642,495
Total Endowment Funds	\$ 2,864,347	\$ 5,400	\$ -	\$ -	\$ -	\$ -	\$ 5,400	\$ -	\$ 2,869,747
General									
General unrestricted (note 3)	\$ 4,273,069	1,141,243	269,564	-	(3,448,373)	(54,824)	(2,092,390)	(26,609)	\$ 2,154,070
Total Fund Balances	\$ 53,618,023	\$ 3,089,320	\$ 620,497	\$ 1,089,090	\$ (7,067,674)	\$ (369,307)	\$ (2,638,074)	\$ -	\$ 50,979,949

Note 1: Of the ending balance of \$2,684,571, \$1,322,915 represents amounts invested in capital assets. The remaining amount of \$1,361,656 represents cash restricted to fund future operations.

Note 2: Of the ending balance of \$5,976,398, \$5,078,830 represents amounts invested in capital assets. The remaining amount of \$897,568 represents cash restricted to fund future operations.

Note 3: Of the ending balance of \$2,154,070, \$888,176 represents amounts invested in capital assets. The remaining amount of \$1,265,894 represents general unrestricted funds.