

Financial Statements of

**ST. PAUL'S FOUNDATION  
OF VANCOUVER**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Members of St. Paul's Foundation of Vancouver

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the financial statements of St. Paul's Foundation of Vancouver (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of 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 Entity as at March 31, 2020, 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.



### **Other Information**

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Annual Report document as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

### **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 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.

Chartered Professional Accountants

Vancouver, Canada  
July 29, 2020

# ST. PAUL'S FOUNDATION OF VANCOUVER

## Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash (note 3)	\$ 6,832,704	\$ 7,831,744
Accounts receivable (notes 10, 14(d))	2,363,746	4,359,921
	<u>9,196,450</u>	<u>12,191,665</u>
Investments (note 4)	133,062,622	106,472,287
Capital assets (note 5)	120,547	125,684
Other asset (note 6)	202,636	202,636
	<u>\$ 142,582,255</u>	<u>\$ 118,992,272</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 435,528	\$ 486,575
Due to Providence Health Care (note 14(c))	455,943	341,925
Current portion of deferred revenue (note 7)	275,909	208,333
	<u>1,167,380</u>	<u>1,036,833</u>
Deferred revenue (note 7)	104,167	246,876
	<u>1,271,547</u>	<u>1,283,709</u>
Net assets:		
Unrestricted	(7,639,116)	2,173,412
Internally restricted	5,376,927	5,376,927
Externally restricted	117,713,798	85,508,220
Endowment	25,859,099	24,650,004
	<u>141,310,708</u>	<u>117,708,563</u>
Subsequent event - impact of COVID-19 on operations (note 16)		
	<u>\$ 142,582,255</u>	<u>\$ 118,992,272</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

John Montalbano Director

 Director

# ST. PAUL'S FOUNDATION OF VANCOUVER

## Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted and Internally Restricted	Externally Restricted	Endowment	2020 Total	2019 Total
<b>Revenue:</b>					
Donations (notes 10, 14(a))	\$ 5,337,815	\$33,725,175	\$ 678,955	\$ 39,741,945	\$36,079,086
Gift of land (note 14(b))	-	25,100,000	-	25,100,000	-
Investment income (note 11)	3,105,264	1,163,789	143,470	4,412,523	4,345,972
Gain on sale of land (note 14(b))	-	3,597,477	-	3,597,477	-
Parkade revenue (note 14(d))	-	313,320	-	313,320	-
Other income	430,462	(430,462)	-	-	-
	8,873,541	63,469,299	822,425	73,165,265	40,425,058
<b>Expenses:</b>					
Salaries and benefits	5,343,468	-	-	5,343,468	4,541,556
Campaigns	1,020,763	-	-	1,020,763	927,301
General administration	681,836	-	-	681,836	726,142
Consultants and contracts	303,381	-	-	303,381	538,491
Professional fees	105,990	-	-	105,990	60,918
Advertising	80,534	-	-	80,534	44,098
Education and conferences	49,280	-	-	49,280	55,289
Printing	47,250	-	-	47,250	24,965
Amortization	28,635	-	-	28,635	6,874
Parkade expenses (note 14(d))	-	105,075	-	105,075	-
	7,661,137	105,075	-	7,766,212	6,925,634
Excess of revenue over expenses before undernoted:	1,212,404	63,364,224	822,425	65,399,053	33,499,424
Change in fair value of investments	(11,235,377)	(437,375)	-	(11,672,752)	(49,389)
Transfers to qualified donees (note 12)	(51,308)	(4,107,668)	-	(4,158,976)	(2,570,938)
Grants to Providence Health Care (note 14(c))	(446,074)	(25,519,106)	-	(25,965,180)	(21,174,365)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$(10,520,355)</b>	<b>\$33,300,075</b>	<b>\$ 822,425</b>	<b>\$ 23,602,145</b>	<b>\$ 9,704,732</b>

See accompanying notes to financial statements.

# ST. PAUL'S FOUNDATION OF VANCOUVER

## Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted	Internally Restricted	Externally Restricted	Endowment	2020	2019
Net assets, beginning of year	\$ 2,173,412	\$ 5,376,927	\$ 85,508,220	\$ 24,650,004	\$117,708,563	\$108,003,831
Excess (deficiency) of revenue over expenses	(10,144,394)	(375,961)	33,300,075	822,425	23,602,145	9,704,732
Interfund transfers	331,866	375,961	(1,094,497)	386,670	-	-
<b>Net assets, end of year</b>	<b>\$ (7,639,116)</b>	<b>\$ 5,376,927</b>	<b>\$117,713,798</b>	<b>\$ 25,859,099</b>	<b>\$141,310,708</b>	<b>\$117,708,563</b>

See accompanying notes to financial statements.

# ST. PAUL'S FOUNDATION OF VANCOUVER

## Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 23,602,145	\$ 9,704,732
Items not involving cash:		
Amortization of capital assets	28,635	6,874
Gift of land	(25,100,000)	-
Gain on sale of land	(3,597,477)	-
Realized loss (gain) on sale of investments	48,680	(177,045)
Change in fair value of investments	11,672,752	49,389
	<u>6,654,735</u>	<u>9,583,950</u>
Changes in non-cash working capital balances:		
Accounts receivable	1,996,175	(4,314,635)
Accounts payable and accrued liabilities	(51,047)	102,903
Due to Providence Health Care	114,018	87,850
Deferred revenue	(75,133)	(55,208)
	<u>8,638,748</u>	<u>5,404,860</u>
Investments:		
Purchases of investments	(58,868,944)	(10,435,125)
Proceeds from disposal of investments	20,557,177	6,048,658
Proceeds from sale of land	28,697,477	-
Purchases of capital assets	(23,498)	(132,558)
	<u>(9,637,788)</u>	<u>(4,519,025)</u>
(Decrease) increase in cash	(999,040)	885,835
Cash, beginning of year	7,831,744	6,945,909
Cash, end of year	<u>\$ 6,832,704</u>	<u>\$ 7,831,744</u>

See accompanying notes to financial statements.

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements

Year ended March 31, 2020

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## 1. Operations:

On April 3, 2017, St. Paul's Hospital Foundation of Vancouver and Tapestry Foundation for Health Care ("Tapestry") amalgamated to become St. Paul's Foundation of Vancouver (the "Foundation") and is a registered society under the Societies Act (British Columbia).

The purpose of the Foundation is to fund, facilitate, promote and carry out activities which are consistent with the objectives of the Providence Health Care Society ("PHC") and Providence Living ("PL"), formerly Providence Residential and Community Care Services Society ("PRCC").

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

## 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 Chartered Professional Accountants of Canada Handbook and include the following significant accounting policies:

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

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

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted investment income and contributions other than endowment contributions are recognized as revenue of the Externally Restricted Funds, if an appropriate restricted fund exists. Endowment contributions are recognized as revenue of the Endowment Funds. Externally restricted contributions for future expenses for which a restricted fund does not exist are recorded as deferred revenue and recognized as revenue in the period the related expense is incurred or the restrictions are met.

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

### (i) Unrestricted Fund and Internally Restricted Funds:

The Unrestricted Fund comprises donations and investment income that are not specifically designated by donors. Administrative costs pertaining to the Foundation are charged to the Unrestricted Fund.

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 2. Significant accounting policies (continued):

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

#### (i) Unrestricted Fund and Internally Restricted Funds (continued):

From time to time, the Board of Directors may impose certain restrictions on fund balances. These amounts are presented on the statement of financial position and statement of changes in net assets as Internally Restricted Funds. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. This balance is substantially comprised of the Sustainability Fund.

#### (ii) Externally Restricted Funds:

The Externally Restricted Funds comprise donations and investment income specifically designated by donors and restricted income received from the Vancouver Foundation.

#### (iii) Endowment Funds:

The Endowment Funds comprise donations that are permanently maintained in accordance with donor wishes. Restricted investment income earned on Endowment Funds is recorded in the relevant Externally Restricted Funds for use as designated by the donors, unless the donor had indicated that part of the income is to be maintained in the Endowment Funds. Where no restriction on the investment income has been made, such investment income is recorded in the Unrestricted Fund.

To meet the objectives of financial reporting and stewardship over the unrestricted, internally restricted, externally restricted and endowment funds, transfers between the funds are made when it is considered appropriate and approved by the Board or in accordance with donor terms of reference. These interfund transfers are recorded in the statement of changes in net assets.

### (b) Capital assets:

Purchased capital assets are initially recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When a capital asset no longer contributes to Foundation's ability to provide services, its carrying amount is written down to its fair value or replacement cost.

Amortization is provided on a straight-line basis as follows:

Asset	Period
Office improvements	5 years
Furniture	5 years
Equipment	3 years

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# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 2. Significant accounting policies (continued):

### (c) Contributed goods and services:

The Foundation periodically receives donations of goods, including artwork, for which gift-in-kind receipts are issued. These contributed goods are not recognized in the financial statements.

Under an agreement entered into in 2001 between the Foundation and PHC, PHC agreed to pay rent on commercially leased premises near St. Paul's Hospital for the Foundation's office. PHC also provides certain administrative services at no charge. The value of the rent and administrative services provided is not recorded in the financial statements.

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

### (d) Employee future benefits:

Certain of the Foundation's employees are members of the Municipal Pension Plan, a multi-employer defined contribution plan. The Foundation accounts for contributions to this plan as expenses in the year the contributions are made (note 8).

### (e) 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

### (f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. Accounts receivable, accounts payable and accrued liabilities, and due to Providence Health Care are carried at amortized cost. The Foundation has elected to carry all investments 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 the straight-line method.

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 2. Significant accounting policies (continued):

### (f) 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 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.

The Foundation does not hold any financial derivatives as at March 31, 2020.

## 3. Gaming lottery funds held:

Included in cash is \$53,265 (2019 - 107,838) in remaining unspent funds collected through Tapestry's staff 50/50 draw lottery program which has been terminated since the amalgamation (note 1). The remaining funds will be spent down on expenses as required under the B.C. Gaming license.

## 4. Investments:

The Foundation's investments are held at fair value in the following classes of investments:

	2020	2019
Money market funds	\$ 6,923,563	\$ 5,172,520
Short-term bond and mortgage fund	61,452,512	54,717,189
Canadian equity	27,346,607	25,298,533
US equity	12,554,927	11,230,452
Overseas equity	11,478,328	7,970,417
Guaranteed investment certificates	13,306,685	2,083,176
	<u>\$ 133,062,622</u>	<u>\$ 106,472,287</u>

The guaranteed investment certificate has an interest rate of 2.5% (2019 - 2.2% to 2.58%) and matures in December 2024 (2019 – November 2019 and February 2020).

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

## 5. Capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Office improvements	\$ 40,253	\$ 9,972	\$ 30,281	\$ 36,700
Furniture	99,607	24,637	74,970	88,984
Equipment	16,196	900	15,296	-
	<u>\$ 156,056</u>	<u>\$ 35,509</u>	<u>\$ 120,547</u>	<u>\$ 125,684</u>

## 6. Other asset:

In fiscal 2011, the Foundation recorded \$254,610 of unrestricted revenue from an estate gift that is being held in trust pending the subsequent passing of another beneficiary, who currently receives all income from the asset. The amount recorded was the actuarial discounted value of the gross amount of the expected gift of \$327,384 as confirmed by the estate.

This carrying value of the asset is subject to periodic adjustments for estimated changes in the present value. No adjustments were made in the current year (2019 - nil). Adjustments recorded in previous years were a net decrease in asset value of \$51,974.

## 7. Deferred revenue:

Deferred revenue consists of unspent amounts received for specific programs as specified by funder or donor.

	2020	2019
Balance, beginning of year	\$ 455,209	\$ 510,417
Amounts received during the year	133,201	153,125
Amounts recognized as revenue during the year	(208,334)	(208,333)
<u>Balance, end of year</u>	<u>\$ 380,076</u>	<u>\$ 455,209</u>

  

	2020	2019
Deferred revenue	\$ 380,076	\$ 455,209
Less current portion of deferred revenue	(275,909)	(208,333)
<u></u>	<u>\$ 104,167</u>	<u>\$ 246,876</u>

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 8. Employee future benefits:

The Foundation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan is a multi-employer defined benefit plan governed by the *BC Public Sector Pension Plans Act*.

Employer contributions to the Municipal Pension Plan of \$405,042 (2019 - \$327,710) were expensed during the year. Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the Plan funding. The most recent actuarial valuation for the Plan at December 31, 2018, indicated a funding surplus of approximately \$2,866 million. The actuary does not attribute portions of the unfunded liability/surplus to individual employers. The plan covers approximately 205,000 active members, of which 48 (2019 - 44) are employees of the Foundation. The next expected actuarial valuation date will be as of December 31, 2021 with results available in 2022.

## 9. Vancouver Foundation Fund:

A permanent Endowment Fund has been established with the Vancouver Foundation whereby the W.J. Van Dusen Foundation matched annual contributions of \$100,000 in 1985, 1986 and 1987 to the Endowment Fund by the St. Paul's Foundation of Vancouver. The total of \$600,000, plus an additional \$12,145 from the Foundation's resources, was transferred to the Vancouver Foundation during those years. The capital of the fund is held permanently by the Vancouver Foundation and accordingly is not recorded on the statement of financial position. Income from the Endowment Fund is to be distributed to St. Paul's Foundation of Vancouver at least annually and in 2020 amounted to \$39,605 (2019 - \$38,157). This is included in externally restricted investment income.

## 10. Government contributions:

During the year, the Foundation received \$3,039,403 (2019 - \$7,477,995) of grant funding from the Province of British Columbia and the Government of Canada restricted for uses as specified in the contribution agreements. \$1,452,019 of the government funding (2019 - \$4,300,000) was outstanding and included in accounts receivable as at year end.

## 11. Investment income:

Investment income is comprised of:

	2020	2019
Interest	\$ 3,630,099	\$ 3,564,454
Dividends	831,104	604,473
Realized (losses) gains	(48,680)	177,045
	<u>\$ 4,412,523</u>	<u>\$ 4,345,972</u>

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 12. Transfers to qualified donees:

In the current year, transfers to qualified donees include transfers to the University of British Columbia, Simon Fraser University, St. Michael's Centre, Brain Canada Foundation and VGH & UBC Hospital Foundation in accordance with contribution agreements.

## 13. Financial risks:

### (a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (b) Credit risk:

Credit risk 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 investments in guaranteed investment certificates, income funds and equities 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 counselors 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.

Other credit risks can arise from holding receivables. The Foundation has minimal accounts receivable outside from with government, and as such the credit risk is minimal.

### (c) Market risks:

Market risks include price and interest rate risks. Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to this risk as a result of investments in equity instruments and funds which are subject to risks arising from changes in market conditions.

Fixed interest rate instruments, including investments in guaranteed investment certificates, are subject to fair value risks, while floating rate instruments including money market and short-term bond and mortgage funds are subject to cash flow risks.

The Foundation manages its market risks through its Investment Policy and guidelines as approved by the Board.

### (d) Currency risks:

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

There have been no significant changes to the risks from 2019 other than the pervasive impact of COVID-19 (note 16).

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 14. Transactions with Providence Health Care and related entities:

During the year, the Foundation had the following transactions with PHC and other PHC related entities:

- (a) PHC and Providence Health Care Research Institute transferred contributions of \$3,775,041 (2019 - \$3,367,803) to the Foundation. These amounts have been recorded in the restricted fund donation revenues in the statement of operations in accordance with the terms of the contributions.
- (b) On April 2, 2019, the Foundation received a gift of land with an appraised fair value of \$25,100,000 from PL. The Foundation sold the land in November 2019 with gross proceeds of \$29,100,000 and a gain of \$3,597,477 net of commissions. The net proceeds along with a portion of the on-going investment returns earned on the proceeds are externally restricted to be used towards funding the mission of PL in accordance with the gift of land terms of reference.
- (c) The Foundation provided contributions to PHC and related entities of \$25,965,180 (2019 - \$21,174,365) which have been recorded as grant expenses in the statement of operations.

As at March 31, 2020, the Foundation owed PHC \$455,943 (2019 - \$341,925) for reimbursement of payments made by PHC on behalf of the Foundation.

- (d) On December 31, 2019, the Providence Parkade Trust ("Trust"), of which the Foundation and PHC were beneficiaries, was terminated and dissolved. The Trust distributed its trust property and a parking facility lease with PHC to the Foundation. The parking facility lease allows the Foundation to operate the parkade with the related revenues and expenses accruing to the Foundation. In accordance with the SPH Parkade Fund terms of reference signed with PHC, the net revenues derived by the Foundation in its operation of the parkade will be restricted to support PHC. As at March 31, 2020, \$696,776 receivable from PHC related to final distribution from the Trust and net parkade revenue collected on behalf of the Foundation is included in accounts receivable.

## 15. Remuneration:

For the fiscal year ending March 31, 2020, the Society paid total remuneration of \$1,564,371 (2019 - \$1,436,659) to the top ten (2019 - ten) employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

No remuneration was paid to any members of the Board of Directors.

# ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2020

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## 16. Subsequent event - impact of Covid-19 on operations:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The subsequent shut-downs globally, domestically, and locally have had a significant impact on jurisdictions and market sectors in which the Foundation operates. As at March 31, 2020, the primary impact on the Foundation has been the decline in value of its investments which has been reflected in the statement of operations. Since then, during the three month period from April 1, 2020 to June 30, 2020, the Foundation's investments experienced a recovery of approximately 80%.

The Foundation has taken the following activities in response to the COVID-19 pandemic:

- (a) Deployment of work from home protocols for Foundation employees that are able to do so;
- (b) A COVID-19 response fund has been set-up to support health care teams on the front line; and
- (c) Management has assessed the financial impacts related to the COVID-19 pandemic and the corresponding adjustments have been reflected in these financial statements.

At this time, the Foundation has not experienced a reduction in any of its major funding sources. However, the impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not predictable at this time. The Foundation continues to closely monitor the impact on its financial implications and continuing operations.

## 17. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.