

Financial Statements of

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

Year ended March 31, 2019



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2019
- 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 end of March 31, 2019, 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 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 period.

Chartered Professional Accountants

Vancouver, Canada
June 25, 2019

ST. PAUL'S FOUNDATION OF VANCOUVER

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash (note 3)	\$ 7,831,744	\$ 6,945,909
Accounts receivable (note 10)	4,359,921	45,286
Investments (note 4)	81,822,283	79,224,624
	<u>94,013,948</u>	<u>86,215,819</u>
Endowment investments (note 4)	24,650,004	22,733,540
Capital assets (note 5)	125,684	-
Other asset (note 6)	202,636	202,636
	<u>\$ 118,992,272</u>	<u>\$ 109,151,995</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 486,575	\$ 383,672
Due to Providence Health Care (note 15)	341,925	254,075
Current portion of deferred revenue (note 7)	208,333	208,333
	<u>1,036,833</u>	<u>846,080</u>
Deferred revenue (note 7)	246,876	302,084
Net assets:		
Unrestricted	2,173,412	1,500,117
Internally restricted	5,376,927	5,413,751
Externally restricted	85,508,220	78,356,423
Restricted for endowment	24,650,004	22,733,540
	<u>117,708,563</u>	<u>108,003,831</u>
Subsequent event (note 15)		
	<u>\$ 118,992,272</u>	<u>\$ 109,151,995</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:


Director


Director

ST. PAUL'S FOUNDATION OF VANCOUVER

Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted and Internally Restricted	Externally Restricted	Endowment	2019 Total	2018 Total
Revenue:					
Donations (note 10)	\$ 5,445,424	\$29,893,678	\$ 739,984	\$ 36,079,086	\$31,532,499
Investment income (note 11)	3,019,548	1,145,944	180,480	4,345,972	4,170,791
	8,464,972	31,039,622	920,464	40,425,058	35,703,290
Expenses:					
Salaries and benefits	4,541,556	-	-	4,541,556	4,187,334
General administration	726,142	-	-	726,142	656,459
Campaigns	927,301	-	-	927,301	875,726
Consultants and contracts	538,491	-	-	538,491	422,396
Professional fees	60,918	-	-	60,918	19,610
Education and conferences	53,960	1,329	-	55,289	179,257
Advertising	44,098	-	-	44,098	30,477
Printing	24,965	-	-	24,965	48,251
Amortization	6,874	-	-	6,874	-
	6,924,305	1,329	-	6,925,634	6,419,510
Excess of revenue over expenses before undernoted:	1,540,667	31,038,293	920,464	33,499,424	29,283,780
Change in fair value of investments	(49,389)	-	-	(49,389)	(1,056,806)
Transfers to qualified donees (note 12)	-	(2,570,938)	-	(2,570,938)	(3,377,717)
Grants to Providence Health Care	(764,187)	(20,410,178)	-	(21,174,365)	(20,506,356)
Excess of revenue over expenses	\$ 727,091	\$ 8,057,177	\$ 920,464	\$ 9,704,732	\$ 4,342,901

See accompanying notes to financial statements.

ST. PAUL'S FOUNDATION OF VANCOUVER

Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	Unrestricted	Internally Restricted	Externally Restricted	Endowment	2019	2018
Net assets, beginning of year	\$ 1,500,117	\$ 5,413,751	\$ 78,356,423	\$ 22,733,540	\$108,003,831	\$ 92,193,783
Net asset contribution from Tapestry Foundation (note 3)	-	-	-	-	-	11,467,147
Excess (deficiency) of revenue over expenses	1,189,874	(462,783)	8,057,177	920,464	9,704,732	4,342,901
Interfund transfers (note 13)	(516,579)	425,959	(905,380)	996,000	-	-
Net assets, end of year	\$ 2,173,412	\$ 5,376,927	\$ 85,508,220	\$ 24,650,004	\$117,708,563	\$108,003,831

See accompanying notes to financial statements.

ST. PAUL'S FOUNDATION OF VANCOUVER

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 9,704,732	\$ 4,342,901
Items not involving cash:		
Amortization of capital assets	6,874	-
Realized gain on sale of investments	(177,045)	(418,130)
Change in fair value of investments	49,389	1,056,806
	<u>9,583,950</u>	<u>4,981,577</u>
Changes in non-cash working capital balances:		
Accounts receivable	(4,314,635)	602,259
Accounts payable and accrued liabilities	102,903	(675,385)
Due to Providence Health Care	87,850	(1,648,999)
Deferred revenue	(55,208)	(367,532)
	<u>5,404,860</u>	<u>2,891,920</u>
Investments:		
Purchases of investments	(10,435,125)	(5,781,400)
Proceeds from disposal of investments	6,048,658	4,082,641
Purchases of capital assets	(132,558)	-
Contributed cash from Tapestry Foundation (note 3)	-	418,496
	<u>(4,519,025)</u>	<u>(1,280,263)</u>
Increase in cash	885,835	1,611,657
Cash, beginning of year	6,945,909	5,334,252
Cash, end of year	<u>\$ 7,831,744</u>	<u>\$ 6,945,909</u>
Non-cash transactions:		
Contributed investments from Tapestry Foundation (note 3)	\$ -	\$ 11,390,165
Contributed non-cash working capital from Tapestry Foundation (note 3)	-	(341,514)
	<u>\$ -</u>	<u>\$ 11,048,651</u>

See accompanying notes to financial statements.

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements

Year ended March 31, 2019

1. Operations:

On April 3, 2017, St. Paul's Hospital Foundation of Vancouver and Tapestry Foundation for Health Care 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 the Providence Residential and Community Care Services Society ("PRCC"). The Foundation aims to improve the efficiency of research, equipment, education and quality of life programs in relation to the patient and resident care in the facilities owned or operated by either PHC or PRCC by prudently managing assets held on their behalf.

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:

The 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, 2019

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.

(b) Capital assets:

Purchased capital assets are 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 residual value.

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

Asset	Period
Office improvements	5 years
Furniture	5 years

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2019

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 Providence Health Care, Providence Health Care agreed to pay rent on commercially leased premises near St. Paul's Hospital for the Foundation's office. Providence Health Care also provides certain administrative services at no charge. The value of rent and administrative services 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, 2019

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, 2019.

3. Amalgamation with Tapestry Foundation:

On April 3, 2017, St Paul's Hospital Foundation of Vancouver and Tapestry Foundation amalgamated to become St. Paul's Foundation of Vancouver (the "Foundation"). As part of the amalgamation, St Paul's Hospital Foundation agreed to accept and assume all of Tapestry's assets and liabilities effective April 3, 2017 with the continuing operations of the amalgamated entity reflected in the statement of operations of the Foundation subsequent to that date.

Assets contributed and liabilities assumed were recorded at their carrying value which approximated their fair value as at April 3, 2017. The net assets contribution of \$11,467,147 was recorded as a direct increase to net assets of the Foundation in fiscal 2018. Included in the contributed assets was a cash account relating to funds collected through Tapestry's staff 50/50 draw lottery program. The lottery program has since been terminated with the remaining funds of \$107,838 (2018 - \$176,839) as at March 31, 2019 being spent down on expenses as required under the gaming license.

4. Investments:

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

	2019	2018
Money market funds	\$ 5,172,520	\$ 3,597,395
Short-term bond and mortgage fund	54,717,189	53,015,256
Canadian equity	25,298,533	24,407,719
US equity	11,230,452	10,818,734
Overseas equity	7,970,417	8,072,547
Guaranteed investment certificates	2,083,176	2,046,513
	<u>\$ 106,472,287</u>	<u>\$ 101,958,164</u>

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2019

4. Investments (continued):

The total investment balance is classified as follows on the statement of financial position:

	2019	2018
Current investments	\$ 81,822,283	\$ 79,224,624
Endowment investments	24,650,004	22,733,540
	<u>\$ 106,472,287</u>	<u>\$ 101,958,164</u>

The guaranteed investment certificates have interest rates from 2.2% to 2.58% (2018 – 0.85% to 1.10%) and mature in November 2019 and February 2020.

5. Capital Assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Office improvements	\$ 38,632	\$ 1,932	\$ 36,700	\$ -
Furniture	93,926	4,942	88,984	-
	<u>\$ 132,558</u>	<u>\$ 6,874</u>	<u>\$ 125,684</u>	<u>\$ -</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 (\$327,384), as confirmed by the estate. In fiscal 2012, the Foundation wrote down the value of the other asset by \$63,474 based on information received during the fiscal year that the gross value of the expected gift will be \$221,579.

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 or prior year.

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2019

7. Deferred revenue:

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

	2019	2018
Balance, beginning of year	\$ 510,417	\$ 696,875
Amounts received during the year	153,125	21,875
Amounts recognized as revenue during the year	(208,333)	(208,333)
Balance, end of year	\$ 455,209	\$ 510,417

	2019	2018
Deferred revenue	\$ 455,209	\$ 510,417
Less current portion of deferred revenue	(208,333)	(208,333)
	\$ 246,876	\$ 302,084

8. Employee future benefits:

The Foundation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted 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 the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are based on a formula. The Plan has about 197,000 active members and approximately 95,000 retired members. Active members include 44 (2018 - 44) contributors from the Foundation.

The most recent actuarial valuation as at December 31, 2015 indicated \$2.224 billion funding surplus for basic pension benefits. The next valuation will be as at December 31, 2018 with results available in 2019. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets, and cost to the individual employers participating in the Plan.

The Foundation paid \$327,710 (2018 - \$323,163) for employer contributions to the Plan in fiscal 2019.

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2019

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 2019 amounted to \$38,157 (2018 - \$33,041).

10. Government contributions:

During the year, the Foundation received \$7,477,995 (2018 - \$8,000,000) of contributions from the Province of British Columbia and the Government of Canada restricted for uses as specified in the contribution agreements. \$4,300,000 of the funding from the Province of British Columbia was outstanding and included in accounts receivable.

11. Investment income:

Investment income is comprised of:

	2019	2018
Interest	\$ 3,564,454	\$ 3,217,425
Dividends	604,473	535,236
Realized gains	177,045	418,130
	<u>\$ 4,345,972</u>	<u>\$ 4,170,791</u>

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, and BC Children's Hospital Foundation in accordance with contribution agreements.

13. Interfund transfers:

The Board has approved transfers from the unrestricted fund to the internally restricted funds in the aggregate amount of \$425,959 (2018 - \$346,678) to enhance the Enhanced Patient Care Fund and to the externally restricted fund in the aggregate amount of \$90,620 (2018 - \$461,499) to supplement external contributions for specific projects.

In addition, during 2019, the Foundation transferred \$1,000,000 from the external restricted funds to endowment funds as allowable and in accordance with certain donor terms of reference on specified use of funds.

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2019

14. 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 any 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.

There have been no significant changes to the risks from 2018.

15. Related party transactions and subsequent event:

During the year, PHC and Providence Health Care Research Institute transferred donations of \$3,367,803 (2018 - \$3,628,535) to the Foundation. These amounts have been recorded in the restricted fund in the statement of operations in accordance with the terms of the contributions.

Subsequent to year end, on April 2, 2019, the Foundation received a gift of land with an appraised fair value of \$25,100,000 from PRCC. The Foundation plans to sell the land with the net proceeds to be used to establish an externally restricted fund to support the mission of PRCC.

ST. PAUL'S FOUNDATION OF VANCOUVER

Notes to Financial Statements (continued)

Year ended March 31, 2019

16. Remuneration:

For the fiscal year ending March 31, 2019, the Society paid total remuneration of \$1,436,659 (2018 - \$1,422,677) to the top ten (2018 – 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.