

Financial Statements of

BURNABY HOSPITAL FOUNDATION

And Independent Auditor's Report thereon

Year ended March 31, 2023



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

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Burnaby Hospital Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Burnaby Hospital Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2023
- 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, 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 financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

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

Chartered Professional Accountants

Vancouver, Canada
August 11, 2023

BURNABY HOSPITAL FOUNDATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

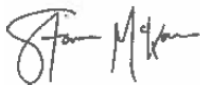
	2023	2022
Assets		
Current assets:		
Cash	\$ 4,473,128	\$ 6,356,609
Accounts receivable	139,602	108,707
Prepaid expenses	23,300	20,574
Guaranteed investment certificates, at amortized cost (note 3 (a))	18,324,399	-
	22,960,429	6,485,890
Investments, at fair value (note 3 (b))	7,715,922	13,722,421
	\$ 30,676,351	\$ 20,208,311

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 113,870	\$ 68,982
Due to Fraser Health Authority (note 9)	121,164	111,089
	235,034	180,071
Net assets:		
Unrestricted	3,656,240	3,494,132
Internally restricted (note 4)	2,113,608	650,000
Externally restricted (note 5)	24,396,140	15,772,387
Endowment (note 6)	275,329	111,721
	30,441,317	20,028,240
Commitments (note 8)		
	\$ 30,676,351	\$ 20,208,311

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

BURNABY HOSPITAL FOUNDATION

Statement of Operations

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

	Unrestricted Fund	Externally Restricted Funds			Endowment Funds	2023	2022
		Designated Funds	Specified Funds	Externally Restricted Funds			
Revenue:							
Donations	\$ 3,662,378	\$ 158,855	\$ 9,257,861	\$ 9,416,716	\$ -	\$ 13,079,094	\$ 9,931,225
Investment income, including fair value adjustment (note 7)	314,434	(2,691)	-	(2,691)	-	311,743	875,144
50/50 lottery	-	-	-	-	-	-	11,935
Other	2,751	-	-	-	-	2,751	2,774
	3,979,563	156,164	9,257,861	9,414,025	-	13,393,588	10,821,078
Expenses:							
Consulting and legal	79,525	-	-	-	-	79,525	36,357
Donor recognition and development	326,151	-	-	-	-	326,151	363,703
Office, stationery and miscellaneous	168,845	-	-	-	-	168,845	193,919
Postage and direct mail	218,718	-	-	-	-	218,718	251,875
Salaries and benefits	1,201,171	-	-	-	-	1,201,171	1,085,979
Special events	195,829	-	-	-	-	195,829	16,773
	2,190,239	-	-	-	-	2,190,239	1,948,606
Excess of revenue over expenses before the undernoted	1,789,324	156,164	9,257,861	9,414,025	-	11,203,349	8,872,472
Contributions to Burnaby Hospital	-	(235,138)	(555,134)	(790,272)	-	(790,272)	(1,598,121)
Excess (deficiency) of revenue over expenses and contributions	\$ 1,789,324	\$ (78,974)	\$ 8,702,727	\$ 8,623,753	\$ -	\$ 10,413,077	\$ 7,274,351

See accompanying notes to financial statements.

BURNABY HOSPITAL FOUNDATION

Statement of Changes in Net Assets

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

	Unrestricted Fund	Internally Restricted Fund (note 4)	Externally Restricted		Externally Restricted Total (note 5)	Endowment Funds (note 6)	2023 Total	2022 Total
			Designated Funds	Specified Funds				
Net assets, beginning of year	\$ 3,494,132	\$ 650,000	\$ 1,961,856	\$ 13,810,531	\$ 15,772,387	\$ 111,721	\$ 20,028,240	\$ 12,753,888
Excess of (deficiency) revenue over expenses and contributions	1,789,324	-	(78,974)	8,702,727	8,623,753	-	10,413,077	7,274,351
Interfund transfers	(1,627,216)	1,463,608	-	-	-	163,608	-	-
Net assets, end of year	\$ 3,656,240	\$ 2,113,608	\$ 1,882,882	\$ 22,513,258	\$ 24,396,140	\$ 275,329	\$ 30,441,317	\$ 20,028,239

See accompanying notes to financial statements.

BURNABY HOSPITAL FOUNDATION

Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses and contributions	\$ 10,413,077	\$ 7,274,351
Unrealized loss (gain) on investments (note 7)	367,748	(294,492)
	10,780,825	6,979,859
Changes in non-cash operating working capital:		
Accounts receivable	(30,895)	(26,962)
Prepaid expenses	(2,726)	(1,205)
Accrued interest on guaranteed investment certificates	(324,399)	-
Accounts payable and accrued liabilities	44,888	(46,030)
Due to Fraser Health Authority	10,075	(47,243)
	10,477,768	6,858,419
Investment activities:		
Purchase of guaranteed investment certificates	(18,000,000)	-
Purchase of investments	-	(6,170,296)
Proceeds from disposal of investments, net	5,638,751	-
	(12,361,249)	(6,170,296)
Increase (decrease) in cash	(1,883,481)	688,123
Cash, beginning of year	6,356,609	5,668,486
Cash, end of year	\$ 4,473,128	\$ 6,356,609

Cash includes restricted gaming funds of \$30,770 (2022 - \$30,770).

See accompanying notes to financial statements.

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Operations:

Burnaby Hospital Foundation (the "Foundation") is incorporated under the laws of British Columbia and is registered under the Societies Act (British Columbia). The Foundation's purpose is to fund, facilitate and promote high quality patient care through the provision of financial support for development, education and research at Burnaby Hospital.

The Foundation receives gifts, bequests, donations, legacies and endowments which, in partnership with Fraser Health Authority (the "Authority"), are used to enhance the role of Burnaby Hospital. The Foundation is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For Profit Organizations.

(b) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the Foundation follows the restricted fund method of accounting for contributions. Under this method, restricted contributions are recorded as revenue of the restricted fund to which they relate. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Trustees (the "Board"). For financial reporting purposes, the accounts have been classified into the following funds:

(i) Unrestricted:

The unrestricted fund includes unrestricted donations and other unrestricted funding and revenue received by the Foundation. Administrative and general fundraising expenses are charged to the unrestricted fund.

(ii) Internally restricted:

The internally restricted fund includes amounts restricted by the Board for specific purposes.

(iii) Externally restricted:

The externally restricted funds include donations and other funding received by the Foundation which have been designated for specific purposes by the donor or the gaming authority, as well as the restricted income earned on endowment funds to be distributed in accordance with the specified purpose of the funds. Expenses incurred directly related to the fundraising of restricted funds such as special events and direct mail campaigns are charged to the externally restricted funds.

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

(iii) Externally restricted (continued):

(a) Designated funds:

These funds are donations that are made to the Foundation with restrictions placed on the gifts by the donors. The gifts are provided to a specific department or program, but are not restricted to specific equipment. The investment income accrued on these funds is not restricted and is accordingly recorded as revenue within the unrestricted fund.

(b) Specified funds:

These funds are donations that are made to the Foundation with restrictions placed on the gifts by the donors and are for capital purposes such as the purchase of equipment and the redevelopment project at Burnaby Hospital. The investment income accrued on these funds is not restricted and is accordingly recorded as revenue within the unrestricted fund.

(iv) Endowments:

The endowment funds include amounts restricted by the donor or the Board with the intention that the principal balance of each fund remains intact, generating income to be distributed for the specified purpose of the funds.

Transfers between the funds are made when it is considered appropriate and authorized by the Board to meet the objectives of financial reporting and stewardship over assets. The interfund transfers are recorded in the statement of changes in net assets.

(c) Revenue recognition:

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

Contributions are recognized as revenue in the appropriate fund in the year received or receivable if the amount to be received can be reasonably established and collection is reasonably assured. Donations are recorded as revenue when received.

Investment income is recognized when earned and recognized as unrestricted revenue unless restricted under the terms of an endowment fund. Changes in the fair value of investments are recorded on the statement of operations as part of investment income (note 7).

(d) Contributed materials and services:

Contributed materials are recorded at their fair value where the amounts are reasonably determinable.

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(d) Contributed materials and services (continued):

Volunteers contribute an indeterminate number of hours to assist the Foundation in carrying out its activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

(e) Measurement uncertainty:

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 may ultimately differ from the 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. 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 record all its investments, other than guaranteed investment certificates, 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.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. 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.

(g) Future employee benefits:

The employees of the Foundation are members of the Municipal Pension Plan, a multi-employer defined benefit plan. Contributions made toward the plan are expensed as incurred (note 11).

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Investments:

(a) Guaranteed investment certificates (GICs), held at amortized cost, earn interest rates of 2.8% - 5.8% and mature over various dates from May 2023 to January 2024. The amounts recognized include accrued interest as at March 31, 2023. As the certificates mature within the next fiscal year, they are classified as current assets.

(b) Investments held at fair value are comprised of the following:

	2023	2022
Fixed income	\$ 3,438,479	\$ 7,188,597
Canadian equity	2,326,094	4,773,599
Global equity	1,951,349	1,760,225
	<u>\$ 7,715,922</u>	<u>\$ 13,722,421</u>

Investments held at fair value are invested in direct securities and pooled funds containing a combination of equity and fixed income instruments in accordance with the Foundation's investment policy.

4. Internally restricted funds:

During the year ended March 31, 2023, a transfer of \$1,463,608 was made from the unrestricted fund to the internally restricted fund as approved by the Board policy to be used toward the intended purpose of benefitting Burnaby Hospital in its redevelopment project. There were no inter-fund transfers during the year ended March 31, 2022.

5. Externally restricted funds:

		2023	2022
Designated funds	(a)	\$ 1,882,882	\$ 1,961,856
Specified funds	(b)	22,513,258	13,810,531
		<u>\$ 24,396,140</u>	<u>\$ 15,772,387</u>

(a) Designated funds:

These funds are donations that are made to the Foundation with restrictions placed on the gifts by the donors. The gifts are provided to a specific department or program, but are not restricted to specific equipment. The investment income accrued on these funds is not restricted and is accordingly recorded as revenue within the unrestricted fund.

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Externally restricted funds (continued):

(b) Specified funds:

These funds are donations that are made to the Foundation with restrictions placed on the gifts by the donors and are for capital purposes such as the purchase of equipment and the redevelopment project at Burnaby Hospital. The investment income accrued on these funds is not restricted and is accordingly recorded as revenue within the unrestricted fund.

6. Endowment funds:

		2023	2022
Education Endowment Fund	(a)	\$ 50,000	\$ 50,000
Nurse Essex Educational Endowment Fund	(b)	58,721	58,721
Other		3,000	3,000
Sustainability Endowment Fund	(c)	163,608	-
		<u>\$ 275,329</u>	<u>\$ 111,721</u>

(a) Education Endowment Fund investment returns are used to provide financial assistance for educational opportunities for individuals currently serving in the fields of Medical Laboratory Technology and Nursing. The principal of \$50,000 is to be held in perpetuity.

(b) Nurse Essex Educational Endowment Fund returns are used to provide financial assistance for educational and certification opportunities for health care professionals serving in the field of Hospice Palliative End of Life Care at Burnaby Hospital. The principal of \$58,721 is to be held in perpetuity.

(c) In September 2022, a new policy was approved by the Board that, for any unrestricted bequest gift equals to or over \$50,000, up to 50% of the bequest is allocated to the new Sustainability Endowment Fund and the balance to the general fund and/or other designated fund to ensure the Foundation's long-term financial sustainability. The principal of the Sustainability Endowment Fund is to be held in perpetuity and the interest earned goes to the unrestricted fund to support the Foundation's operations. In the current year, \$163,608 was allocated to the Sustainability Endowment Fund from bequests received.

7. Investment income:

	2023	2022
Interest	\$ 700,100	\$ 150,439
Dividends	200,252	189,253
Realized gains (losses)	(220,861)	240,960
Unrealized gains (losses)	(367,748)	294,492
	<u>\$ 311,743</u>	<u>\$ 875,144</u>

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Investment income (continued):

Income from funds held in GICs and treasury accounts totaling \$502,645 is included in the interest income above.

8. Commitments:

In fiscal 2023, the Foundation has:

- made the last instalment of \$500,000 of a commitment to contribute \$1,500,000 to Burnaby Hospital towards its 2nd Computed Tomography Scanner through three equal instalment disbursements.
- made a commitment to the Fraser Health Authority to raise \$30 million toward the purchase of equipment for Phase 1 and \$15 million for Phase 2 of the Burnaby Hospital redevelopment project, and to raise \$5 million in support of the Burnaby Hospital OR Renewal Project.

9. Fraser Health Authority:

As at March 31, 2023, the Foundation owed the Authority \$121,164 (2022 - \$111,089) related to the reimbursement of contributions to Burnaby Hospital and operating expenses paid by the Authority on behalf of the Foundation.

The Authority provides office space and computer equipment for the Foundation's use on a no-charge basis. The Foundation also receives certain administrative services from the Authority including payroll and benefit administration, custodial services and information technology support. Due to the difficulty in determining their fair value, these contributed services, materials and rent at no charge are not recognized in the financial statements.

10. Remuneration to employees and contractors:

For the year ended March 31, 2023, the Foundation paid total remuneration of \$790,831 (2022 - \$551,700) to six (2022 - four) 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 during the year (2022 - nil).

11. Municipal Pension Plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees of the Plan, 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 defined. The Plan has about 240,000 active members, 12 of which are employees (2022 - 12) of the Foundation.

BURNABY HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

11. Municipal Pension Plan (continued):

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 \$3,761 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2024 with results available in 2025.

Employers participating in the Plan, record their pension expense as the amount of employer contributions made during the fiscal year (defined "contribution pension plan accounting"). This is because the Plan records accrued liabilities and accrued assets for the Plan, in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets, and cost to the individual employers participating in the Plan.

The Foundation paid \$108,183 (2022 - \$100,599) for employer contributions to the Plan in fiscal 2023.

12. Financial risks:

The Foundation manages its investment portfolio to earn investment income and invests according to an investment policy approved by the Board. The Foundation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments held in GICs subject the Foundation to a fair value risk while the floating rate instruments held in fixed income funds subject it to cash flow risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation has investments in fixed income and equity funds which are subject to risks arising from changes in market conditions.

Credit risk arises when a failure of a counterparty to discharge their obligations could reduce the future cash inflows from financial assets. The Foundation's credit risk arises primarily from its investments in fixed income pooled funds and cash balance. The Foundation manages its credit risk on fixed income investments by restricting investments to issuers with minimum investment grades as assigned by national investment grade rating agencies and ensuring a diversified portfolio mix. The Foundation manages its credit risk on cash by holding these financial assets at various high credit quality Canadian financial institutions.

The Foundation believes that it is not exposed to significant foreign currency or liquidity risks arising from its financial instruments.