

Financial Statements of

**CANUCK PLACE
CHILDREN'S HOSPICE**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of Canuck Place Children's Hospice

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Canuck Place Children's Hospice (the "Entity"), which comprise:

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

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 matter 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada
May 26, 2022

CANUCK PLACE CHILDREN'S HOSPICE

Statement of Financial Position

March 31, 2022, with comparative information for 2021

| | Operating Fund | Garden Fund | 2022 Total | 2021 Total |
|--|-------------------|----------------|---------------|---------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 10,053,103 | \$ - | \$ 10,053,103 | \$ 10,111,739 |
| Short term investments (note 3) | 1,019,968 | - | 1,019,968 | 5,235,419 |
| Accounts receivable (note 14) | 113,667 | - | 113,667 | 1,060,753 |
| GST receivable | 83,648 | - | 83,648 | 63,429 |
| Prepaid expenses | 166,275 | - | 166,275 | 119,506 |
| Due from Canuck Place Children's Hospice Foundation (note 11) | 99,686 | - | 99,686 | 62,102 |
| | 11,536,347 | - | 11,536,347 | 16,652,948 |
| Investments (note 3) | 11,978,324 | - | 11,978,324 | 968,000 |
| Tangible capital assets (note 4) | 11,397,886 | 1,054,730 | 12,452,616 | 12,937,916 |
| | \$ 34,912,557 | \$ 1,054,730 | \$ 35,967,287 | \$ 30,558,864 |

Liabilities and Net Assets

Current liabilities:

| | | | | |
|--|---------------|--------------|---------------|---------------|
| Accounts payable and accrued liabilities (note 5) | \$ 1,846,153 | \$ - | \$ 1,846,153 | \$ 1,261,836 |
| Deferred contributions (note 6) | 8,106,616 | - | 8,106,616 | 4,667,418 |
| | 9,952,769 | - | 9,952,769 | 5,929,254 |
| Deferred capital contributions (note 7) | 9,358,627 | - | 9,358,627 | 9,698,789 |
| | 19,311,396 | - | 19,311,396 | 15,628,043 |
| Net assets: | | | | |
| Invested in tangible capital assets (note 8) | 2,039,259 | 1,054,730 | 3,093,989 | 3,239,127 |
| Unrestricted operating fund Garden fund | 13,561,902 | - | 13,561,902 | 11,691,694 |
| | - | - | - | - |
| | 15,601,161 | 1,054,730 | 16,655,891 | 14,930,821 |
| Commitments (note 9) | | | | |
| | \$ 34,912,557 | \$ 1,054,730 | \$ 35,967,287 | \$ 30,558,864 |

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

CANUCK PLACE CHILDREN'S HOSPICE

Statement of Operations

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

| | Operating Fund | Garden Fund | 2022 Total | 2021 Total |
|---|---------------------|-------------------|---------------------|---------------------|
| Revenue: | | | | |
| Donations and fundraising (note 11) | \$ 8,152,171 | \$ - | \$ 8,152,171 | \$ 7,078,446 |
| Province of British Columbia: | | | | |
| Operational funding | 7,695,971 | - | 7,695,971 | 6,685,000 |
| Recovery of physician billings | 286,232 | - | 286,232 | 283,174 |
| Temporary Pandemic Pay (note 14) | - | - | - | 139,663 |
| Government of Canada: | | | | |
| Canadian Emergency Subsidy Programs (note 14) | 1,059,490 | - | 1,059,490 | 3,017,399 |
| Distribution from Canuck Place Children's Hospice Foundation (note 11) | 1,380,000 | - | 1,380,000 | 448,422 |
| Interest and other | 205,689 | - | 205,689 | 286,371 |
| Amortization of deferred capital contributions (note 7) | 485,642 | - | 485,642 | 512,742 |
| | 19,265,195 | - | 19,265,195 | 18,451,217 |
| Expenses: | | | | |
| Salaries and benefits | 12,361,340 | - | 12,361,340 | 11,285,763 |
| Clinical program | 1,474,046 | - | 1,474,046 | 1,316,175 |
| Central services | 1,226,549 | - | 1,226,549 | 848,352 |
| Development | 1,188,861 | - | 1,188,861 | 911,758 |
| Amortization | 628,279 | 6,059 | 634,338 | 657,192 |
| Galas and other events | 389,694 | - | 389,694 | 90,560 |
| Recruitment and staff development | 145,552 | - | 145,552 | 119,491 |
| Communications and marketing | 97,689 | - | 97,689 | 59,189 |
| Research and grants | 22,056 | - | 22,056 | 13,642 |
| | 17,534,066 | 6,059 | 17,540,125 | 15,302,122 |
| Excess (deficiency) of revenue over expenses | \$ 1,731,129 | \$ (6,059) | \$ 1,725,070 | \$ 3,149,095 |

See accompanying notes to financial statements.

CANUCK PLACE CHILDREN'S HOSPICE

Statement of Changes in Net Assets

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

| | Operating Fund | | Garden Fund | | Total | |
|---|-------------------------------|---------------------|-------------------------------|--------------------------|---------------------|---------------------|
| | Invested in capital assets | Unrestricted | Invested in capital assets | Externally restricted | 2022 | 2021 |
| Balance, beginning of year | \$2,178,338 | \$11,691,694 | \$1,060,789 | \$ - | \$14,930,821 | \$11,781,726 |
| Excess (deficiency) of revenue over expenses (note 8) | (142,637) | 1,873,766 | (6,059) | - | 1,725,070 | 3,149,095 |
| Net change in invested in capital assets (note 8) | 3,558 | (3,558) | - | - | - | - |
| Balance, end of year | \$2,039,259 | \$13,561,902 | \$1,054,730 | \$ - | \$16,655,891 | \$14,930,821 |

See accompanying notes to financial statements.

CANUCK PLACE CHILDREN'S HOSPICE

Statement of Cash Flows

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

| | 2022 | 2021 |
|---|---------------|---------------|
| Cash and cash equivalents provided by: | | |
| Operating: | | |
| Excess of revenue over expenses for the year | \$ 1,725,070 | \$ 3,149,095 |
| Items not involving cash: | | |
| Amortization of capital assets | 634,338 | 657,192 |
| Amortization of deferred capital contributions | (485,642) | (512,742) |
| | 1,873,766 | 3,293,545 |
| Non-cash items: | | |
| Accounts receivable | 947,086 | (761,641) |
| GST receivable | (20,219) | 17,070 |
| Prepaid expenses | (46,769) | (14,113) |
| Due from Canuck Place Children's Hospice Foundation | (37,584) | 353,965 |
| Accounts payable and accrued liabilities | 584,317 | (503,482) |
| Deferred contributions | 3,584,678 | 4,053,865 |
| | 6,885,275 | 6,439,209 |
| Investments: | | |
| Purchase of tangible capital assets | (149,038) | (217,547) |
| Net purchase of investments | (6,794,873) | 225,523 |
| | (6,943,911) | 7,976 |
| Increase (decrease) in cash and cash equivalents | (58,636) | 6,447,185 |
| Cash and cash equivalents, beginning of year | 10,111,739 | 3,664,554 |
| Cash and cash equivalents, end of year | \$ 10,053,103 | \$ 10,111,739 |
| Non-cash transaction: | | |
| Amounts transferred from deferred contributions to deferred capital contributions | \$ 145,480 | \$ 29,082 |

See accompanying notes to financial statements.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements

Year ended March 31, 2021

1. Operations:

On March 8, 1990, Canuck Place Children's Hospice ("Canuck Place" or the "Hospice") was incorporated under the Society Act (British Columbia) as a non-profit organization for the purpose of operating a provincial children's hospice program known as "Canuck Place". The Hospice operates under the Societies Act (British Columbia). Canuck Place is a registered charity and is not subject to income taxes.

The Hospice controls Canuck Place Children's Hospice Foundation (the "Foundation") by virtue of common directors. The purpose of the Foundation is to hold and invest bequests, legacies, donations and gifts received and distribute the funds in support of the activities of the Hospice. The net assets and results of operations of the Foundation have not been included in these financial statements. The Foundation is a public foundation formed on June 14, 2000 to manage funds for furthering the interests and supporting the operations of Canuck Place. The Hospice provides disclosures on the balances and transactions of the Foundation in note 11.

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 CPA Canada Handbook - *Accounting* and include the following significant accounting policies:

(a) Fund accounting:

The Hospice accounts for its operations in various funds as follows:

- (i) The operating fund accounts for the general operations of the Hospice including receipt of restricted and unrestricted donations, revenue specifically attributable to funding for capital assets, other than those of the garden fund, and expenses related to maintaining the capital assets.
- (ii) The garden fund accounts for revenue and expenses related to maintaining the garden at Glen Brae in Vancouver.

(b) Revenue recognition:

The Hospice follows the restricted fund method of accounting for restricted contributions relating to the Garden Fund. Contributions restricted for operations or acquisition of capital assets of the Garden Fund are recognized as revenue when received or receivable if collection is reasonably assured. The Hospice follows the deferral method of accounting for restricted contributions not relating to the Garden Fund.

Unrestricted donations and contributions are recorded when received or receivable if collection is reasonably assured. Unrestricted investment income is recorded as earned. Donations and investment income restricted for use in specific periods or for specific expenses of the operating fund are initially deferred and are recognized as revenue in the year in which the related expenses are incurred.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Contributions received specifically for the acquisition of tangible capital assets of the operating fund are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are recorded as direct increases in net assets in the period the asset is acquired.

Deferred capital contributions of the operating fund are recognized as revenue on the same basis as the related capital assets are amortized to indicate how the amortization expense has been funded. Unamortized deferred capital contributions relating to capital assets disposed of are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.

(c) Donated goods and services:

Supplemental efforts of volunteer workers are not recorded as revenue since it is not practical to determine the value of benefits received. In addition, contributions of other personal service, facilities and supplies provided for the beneficiaries of Canuck Place that are not principally intended for the Hospice itself or its members, are not included in the accompanying statements. Donated goods and services provided for the benefit of the Hospice, and for which fair value can be determined and would have been purchased by the Hospice, are included in the financial statements and are recorded at their fair values.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash in banks and short-term investments with maturities within ninety days of the date of acquisition.

(e) Tangible capital assets:

Building, land improvements and equipment are initially recorded at cost. Building materials and labour contributed through donations are recorded as additions to capital assets only when the fair value of those items is readily determinable. Repairs and maintenance costs are charged to expense. Betterments that extend the estimated life of an asset are capitalized. Where practical, capital assets are componentized when estimates can be made of the useful lives of the separate components.

Tangible capital assets are assessed annually for impairment, to be recorded where applicable, as a non-reversible impairment expense. When an item of tangible capital assets is impaired, its carrying amount is written down to its fair value or replacement cost.

Land is carried at cost and is not depreciated. Leasehold improvements on office premises are amortized on a straight-line basis over the term of the lease.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

All other assets are amortized on a declining balance basis using the following rates:

| Asset | Rate |
|--------------------------------|------|
| Automotive | 30% |
| Building | 4% |
| Hospice and garden equipment | 20% |
| Land improvements | 4% |
| Office equipment and furniture | 20% |

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. 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.

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 recorded 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 Hospice 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 Hospice 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.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Significant accounting policies (continued):

(g) 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. An area requiring management estimates is the rates used for amortization of capital assets and deferred capital contributions. Actual results could differ from these estimates.

(h) Employee future benefits:

The employees of the Hospice are members of the Municipal Pension Plan, a multi-employer defined benefit plan. Contributions towards the plan are expensed as incurred.

3. Investments:

The Hospice's investments consist of:

| | 2022 | 2021 |
|--|---------------|------------|
| Corporate Bond Fund, held at fair value | \$ 3,692,157 | \$ - |
| Short Term Income Fund, held at fair value | 3,750,081 | - |
| Money Market Fund, held at fair value | 1,536,321 | - |
| Core Active Bond Fund, held at fair value | 825,148 | - |
| Canadian Equity Fund, held at fair value | 909,817 | - |
| US Equity Select Pooled Fund, held at fair value | 486,298 | - |
| US Small Mid Cap Equity Pooled Fund, held at fair value | 158,980 | - |
| International Pooled Fund, held at fair value | 619,522 | - |
| Non-redeemable term deposits | 1,019,968 | 4,539,419 |
| Guaranteed investment certificates, held at amortized cost | - | 1,664,000 |
| | 12,998,292 | 6,203,419 |
| Short-term investments | 1,019,968 | 5,235,419 |
| Investments | \$ 11,978,324 | \$ 968,000 |

The non-redeemable term deposit, bears interest rate of 1.30% (2021 - 0.50% to 1.75%).

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Tangible capital assets:

| | | | 2022 | 2021 |
|--------------------------------|---------------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Operating Fund: | | | | |
| Glen Brae: | | | | |
| Automotive | \$ 198,933 | \$ 182,184 | \$ 16,749 | \$ 23,927 |
| Building | 5,116,719 | 3,301,090 | 1,815,629 | 1,857,092 |
| Hospice equipment | 681,597 | 545,624 | 135,973 | 136,104 |
| Office equipment and furniture | 1,101,272 | 876,248 | 225,024 | 196,704 |
| | 7,098,521 | 4,905,146 | 2,193,375 | 2,213,827 |
| Dave Lede House (DLH): | | | | |
| Automotive | 202,314 | 167,699 | 34,615 | 49,450 |
| Building | 12,224,528 | 3,478,051 | 8,746,477 | 9,110,914 |
| Hospice equipment | 451,668 | 315,974 | 135,694 | 160,398 |
| Office equipment and furniture | 623,636 | 407,648 | 215,988 | 267,812 |
| Garden | 91,094 | 19,357 | 71,737 | 74,726 |
| | 13,593,240 | 4,388,729 | 9,204,511 | 9,663,300 |
| Garden Fund | | | | |
| Glen Brae: | | | | |
| Land | 925,001 | - | 925,001 | 925,001 |
| Land improvements | 346,892 | 220,302 | 126,590 | 131,865 |
| Garden equipment | 46,552 | 43,413 | 3,139 | 3,923 |
| | 1,318,445 | 263,715 | 1,054,730 | 1,060,789 |
| | \$ 22,010,206 | \$ 9,557,590 | \$ 12,452,616 | \$ 12,937,916 |

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2022 are government remittances payable of \$191,290 (2021 - \$51,713) relating to federal and provincial sales taxes, payroll taxes, and workers' safety insurance.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Deferred contributions:

Changes in deferred contributions are as follows:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Amounts received: | | |
| Donations | \$ 1,079,379 | \$ 1,059,314 |
| Provincial Health Services Authority – one time grant | 4,405,000 | 3,500,000 |
| Less: | | |
| Amounts recognized as revenue, donations | 888,730 | 505,449 |
| Transferred to deferred capital contributions | 145,480 | 29,082 |
| Amount recognized as revenue, grant | 1,010,971 | - |
| | <u>2,045,181</u> | <u>534,531</u> |
| Increase during the year | 3,439,198 | 4,024,783 |
| Deferred contributions, beginning of year | 4,667,418 | 642,635 |
| Deferred contributions, end of year | <u>\$ 8,106,616</u> | <u>\$ 4,667,418</u> |

Included in deferred contributions is \$234,038 (2021 - \$215,876) of unspent contributions specifically designated for the purchase of capital assets for the Hospice.

7. Deferred capital contributions:

Deferred capital contributions represent unamortized external funding restricted and used for the purchase of tangible capital assets. Unamortized amounts, which will be recognized as revenue in future periods, are as follows:

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 9,698,789 | \$ 10,182,449 |
| Amounts transferred from deferred contributions (note 6) | 145,480 | 29,082 |
| Amount amortized to revenue | (485,642) | (512,742) |
| Balance, end of year | <u>\$ 9,358,627</u> | <u>\$ 9,698,789</u> |

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Net assets invested in capital assets:

Net assets invested in capital assets are calculated as follows:

| | 2022 | 2021 |
|--|---------------|---------------|
| Tangible capital assets, net of accumulated amortization | \$ 12,452,616 | \$ 12,937,916 |
| Amounts funded by deferred capital contributions | (9,358,627) | (9,698,789) |
| | \$ 3,093,989 | \$ 3,239,127 |

Change in net assets invested in capital assets is calculated as follows:

| | 2022 | 2021 |
|--|--------------|--------------|
| Excess (deficiency) of revenue over expenses: | | |
| Amortization of deferred capital contributions | \$ 485,642 | \$ 512,742 |
| Amortization of capital assets in operating fund | (628,279) | (650,717) |
| | (142,637) | (137,975) |
| Amortization of capital assets in garden fund | (6,059) | (6,475) |
| | \$ (148,696) | \$ (144,450) |
| Investment in capital assets: | | |
| Purchase of capital assets | \$ 149,038 | \$ 217,547 |
| Amounts funded by deferred capital contributions | (145,480) | (29,082) |
| | \$ 3,558 | \$ 188,465 |

9. Commitments:

(a) Lease agreement on Glen Brae:

On April 6, 1993, Canuck Place entered into a long-term lease agreement with the City of Vancouver on a property known as "Glen Brae". The property is being used for the purpose of housing and operating a children's hospice known as "Canuck Place" and is separate from, but adjacent to, property owned by the Garden Fund. The initial term of the lease is 25-years and is renewable at the option of Canuck Place for a further two 10-year terms and one 5-year term. The Hospice's lease obligation is \$1 for the entire term. In addition, the Hospice will be responsible for the maintenance of Canuck Place according to City of Vancouver's by-laws governing heritage sites. Due to the difficulty in determining the fair value of this lease, no amount has been recorded for the difference between fair value and the amount paid. On September 1, 2018, Canuck Place renewed its lease agreement for the period of September 1, 2018 to August 31, 2028.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

9. Commitments (continued):

(b) Lease agreement on Dave Lede House:

In order to facilitate a lease agreement with the City of Abbotsford, three Societies formed a corporate entity registered in BC under the name MAC Campus of Care Abbotsford Ltd. ("MAC"). Each of Canuck Place and the other two Societies, Abbotsford Hospice Society and Communitas Supportive Care Society, hold one-third of the shares of MAC. Through MAC, Canuck Place, operating as the Dave Lede House, along with its two equal partners, has entered into an agreement with the City of Abbotsford to hold the leased land on which the Dave Lede House has been constructed. The land is leased for an amount of \$10 per year for 99-years beginning August 12, 2010. Each of the three Societies has constructed its own facility on the site at its own cost. The cost of common site improvements and maintenance is being shared among the three Societies in accordance with a co-owner's agreement. Due to the difficulty in determining the fair value of this lease, no amount has been recorded for the difference between fair value and the amount paid.

(c) Lease agreement on Granville office:

Canuck Place is committed to annual lease payments for the Granville office as follows:

| | |
|------|------------|
| 2023 | 86,818 |
| 2024 | 44,467 |
| | <hr/> |
| | \$ 131,285 |

10. Financial instruments:

(a) Liquidity risk:

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

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Hospice is exposed to credit risk with respect to the accounts receivable. The Hospice assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

10. Financial instruments (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, including interest rates, will affect Hospice's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk. The Hospice manages market risk by adoption of an investment policy and adherence to this policy by an investment manager. Investments are in pooled funds in a diversified portfolio in accordance with the Hospice's investment policy. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the Hospice is not exposed to significant market risk arising from its financial instruments.

There has been no change to the above risk exposures from 2021.

11. Related party:

The Foundation is incorporated under the Societies Act (British Columbia). The Foundation shares common directors with Canuck Place Children's Hospice. The Foundation receives bequests and other donations and manages invested funds in accordance with its Statement of Investment Policies and Guidelines. The Foundation makes annual contributions to the Hospice to assist in supporting revenue requirements for its operations. Contributions may also be made for capital or special projects. Contributions from gaming proceeds must be used in accordance with BC Gaming regulations. As at March 31, 2022, the Foundation had total assets of \$15,369,598 (2021 - \$12,697,200), total liabilities of \$99,686 (2021 - \$62,102), and net assets of \$15,269,912 (2021 - \$12,635,098). The total revenue for the Foundation for the year ended March 31, 2022 was \$5,249,544 (2021 - \$3,903,055), total expenses were \$(2021 - \$388,926) and contributions to the Hospice for the year ended March 31, 2022 were \$1,380,000 (2021 - \$1,231,847, of which \$783,425 was recorded in donations and fundraising with the remainder recorded as distributions received). The Foundation's reimbursements to the Hospice for services provided and payments made were \$99,686 (2021 - \$62,102). This amount is recorded as due from Canuck Place Children's Hospice Foundation.

12. Employee remuneration:

For the fiscal year ending March 31, 2022, the Hospice paid total remuneration, inclusive of salaries and benefits, of \$1,417,547 (2021 - \$1,537,279) to the 10 highest remunerated employees. This disclosure is provided in accordance with the requirements of the Societies Act (British Columbia). No remuneration was paid to directors of the board during the year.

CANUCK PLACE CHILDREN'S HOSPICE

Notes to Financial Statements (continued)

Year ended March 31, 2022

13. Employee Pension Plan:

The Hospice and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021 the Plan has about 220,000 active members and approximately 112,000 retired members. Active members include 156 (2021 - 149) contributors from the Hospice.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Plan as at December 31, 2018, indicated \$2.866 billion funding surplus for basic pension benefits on a going concern basis.

The Hospice paid \$827,430 (2021 - \$712,752) for employer contributions to the Plan in fiscal 2022.

The next valuation will be as at December 31, 2021, with results available in 2022.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

14. COVID-19 Related Government Assistance:

During the fiscal year, the Hospice claimed the Canada Emergency Wage Subsidy of \$1,004,504 (2021 - \$2,978,771), the Canada Recovery Hiring Program of \$22,451 (2021 - nil), the Canada Emergency Rent Subsidy of \$32,535 (2021 - \$38,628) and received Temporary Pandemic Pay of nil in 2022 (2021 - \$139,663), which have been recorded as revenue in the statement of operations. As at March 31, 2022, \$22,451 (2021 - \$956,959) of the funding has been included in accounts receivable. The current economic climate may have a direct impact on the Hospice's operating results and financial position in the future.