

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Children's Health Foundation of Vancouver Island

Report on the Financial Statements

Opinion

We have audited the financial statements of Children's Health Foundation of Vancouver Island (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 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.



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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
July 9, 2019

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	General Fund	Restricted Funds	Endowment Fund	2019	2018
Assets					
Current assets:					
Cash	\$ 1,293,938	\$ 755,991	\$ -	\$ 2,049,929	\$ 3,019,495
Accounts receivable	48,965	60,492	-	109,457	117,413
Prepaid expenses	72,631	1,007	-	73,638	63,964
	1,415,534	817,490	-	2,233,024	3,200,872
Investments (note 2)	26,304,976	10,863,499	1,748,747	38,917,222	39,106,592
Cash surrender value, life insurance policy	52,186	-	-	52,186	50,073
Capital assets (note 3)	900,381	5,785,070	-	6,685,451	6,847,471
	\$ 28,673,077	\$ 17,466,059	\$ 1,748,747	\$ 47,887,883	\$ 49,205,008

Liabilities

Current liabilities:					
Accounts payable and accrued liabilities	\$ 389,849	\$ 186,888	\$ -	\$ 576,737	\$ 545,666
Deferred revenue	-	40,706	-	40,706	6,256
	389,849	227,594	-	617,443	551,922


Fund Balances

Invested in capital assets	900,381	5,785,070	-	6,685,451	6,847,471
Unrestricted	4,350,000	-	-	4,350,000	28,856,345
Externally restricted	-	9,776,999	-	9,776,999	10,583,843
Internally restricted (note 4)	23,032,847	1,676,396	-	24,709,243	1,916,680
Endowment	-	-	1,748,747	1,748,747	448,747
	28,283,228	17,238,465	1,748,747	47,270,440	48,653,086
	\$ 28,673,077	\$ 17,466,059	\$ 1,748,747	\$ 47,887,883	\$ 49,205,008

Commitments and contingencies (note 5)

See accompanying notes to financial statements.

Approved by the Board:

 Director

 Director

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Operations and Changes in Fund Balances

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

	General Fund	Restricted Funds	Endowment Fund	2019	2018
					(Schedule 1)
Revenue:					
Fundraising	\$ 1,102,631	\$ 410,655	\$ 1,300,000	\$ 2,813,286	\$ 1,273,593
Investment income	1,390,077	70,785	-	1,460,862	5,175,233
Rentals and cost recovery	-	890,417	-	890,417	941,306
	2,492,708	1,371,857	1,300,000	5,164,565	7,390,132
Expenses:					
Grants and programs	1,559,910	3,266,052	-	4,825,962	4,358,159
Amortization of capital assets	41,308	598,177	-	639,485	606,598
Administration	1,197,579	-	-	1,197,579	892,056
Fundraising	694,677	-	-	694,677	596,788
Investment counsel and management	108,515	8,601	-	117,116	186,613
	3,601,989	3,872,830	-	7,474,819	6,640,214
Unrealized gain (loss) on investments	883,399	44,209	-	927,608	(3,598,999)
Excess (deficiency) of revenue over expenses	(225,882)	(2,456,764)	1,300,000	(1,382,646)	(2,849,081)
Fund balances, beginning of year	29,571,236	18,633,103	448,747	48,653,086	51,502,167
Interfund transfers (note 6 and Schedule 2)	(1,062,126)	1,062,126	-	-	-
Fund balances, end of year	\$ 28,283,228	\$ 17,238,465	\$ 1,748,747	\$ 47,270,440	\$ 48,653,086

See accompanying notes to financial statements.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Statement of Cash Flows

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

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (1,382,646)	\$ (2,849,081)
Add amortization which does not involve cash	639,485	606,598
Unrealized (gain) loss on investments	(927,608)	3,598,999
Changes in non-cash operating working capital:		
Accounts receivable and prepaid expenses	(1,718)	(20,751)
Current liabilities	65,521	(140,729)
	<u>(1,606,966)</u>	<u>1,195,036</u>
Investing activities:		
Additions to capital assets	(477,465)	(77,305)
Changes in investments:		
Reinvested investment income	(1,460,862)	(5,175,233)
Net withdrawals from investments	2,577,840	5,555,756
Increase in cash surrender value, life insurance policy	(2,113)	(2,083)
	<u>637,400</u>	<u>301,135</u>
Increase (decrease) in cash	(969,566)	1,496,171
Cash, beginning of year	3,019,495	1,523,324
Cash, end of year	<u>\$ 2,049,929</u>	<u>\$ 3,019,495</u>

See accompanying notes to financial statements

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

Children's Health Foundation of Vancouver Island (the "Foundation") is a registered charity under the Income Tax Act and is incorporated under the Society Act (British Columbia). The Foundation transitioned to the new Societies Act (British Columbia) on November 29, 2017. The primary purpose of the Foundation is to raise and invest funds to support the health and well-being of children and youth in need on Vancouver Island and the Gulf Islands.

1. Significant accounting policies:

The financial statements of the Foundation have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The General Fund includes investment income and fundraising revenue received for which there are no restrictions attached by the donor.

The Endowment Fund includes resources contributed for endowment where the principal must be held in perpetuity. Investment income earned on the resources of the Endowment Fund is reported in the appropriate restricted funds.

The Restricted Funds include resources subject to restrictions by the donor and amounts internally restricted by the board of directors.

(i) GR Pearkes Child Development Fund:

This fund is administered by the Foundation and relates to externally restricted funds of the former GR Pearkes Foundation, which was merged with the Foundation.

(ii) Western Communities Centres Funds - West Shore and Sooke:

These funds were established to receive externally restricted donations towards the Western Communities facilities and were used primarily to fund the capital costs of the buildings.

(iii) Jeneece Place Fund:

This fund was established to receive externally restricted donations for the construction and operation of Jeneece Place. The purpose of Jeneece Place is to provide a home away from home for families who have to travel to Victoria for medical care.

(iv) HerWay Home Fund:

This fund was established to receive externally restricted donations towards the creation of HerWay Home and is being used to fund the costs of this program. The HerWay Home program is operated by Island Health. The purpose of HerWay Home is to create a child-focused, women-centered, family-oriented drop-in and outreach program for pregnant women and new moms with substance use challenges and their children. This fund includes internally restricted amounts to recognize the Foundation's commitment to this initiative.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

(v) Innovation in Mental Health Fund:

This fund was established to receive externally restricted donations towards mental health initiatives for children and youth. This fund includes internally restricted amounts to recognize the Foundation's commitment to funding the Youth Mental Health Hub (now called Foundry Victoria).

(vi) Pathways to Healing Fund:

This fund was established to receive externally restricted donations in support of the Pathways to Healing program which is an early intervention program for children with complex emotional and developmental challenges. This fund includes internally restricted amounts to recognize the Foundation's commitment to funding the Pathways to Healing initiative.

(vii) Queen Alexandra Centre Fund:

This fund was established to receive externally restricted donations in support of child, youth and family programs or services that originate or are hosted by the Queen Alexandra Centre for Children's Health.

(viii) Named funds:

The Foundation administers funds of special donors in Named Funds. These funds have restrictions by the donors that prescribe the allocation of the resources to specific programs, such as scholarships, child development and education.

(ix) Other program funds:

The Foundation administers program funds (other than those specifically defined). The program funds have restrictions by the donors that prescribe the allocation of the resources to specific programs.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and changes in fair value are recognized in excess of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial 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 straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Capital assets:

Land:

In 1996 the Foundation recorded the transfer of three parcels of land from the Queen Alexandra Centre for Children's Health (the "Centre"). Two of the parcels are leased to Island Health under restrictive use conditions at \$1 per year for 60 years. Accordingly, the value of these two parcels is nominal and was recorded at an amount of \$1. During 2009 the third parcel was sold. During 2009 the Foundation acquired a fourth parcel of land adjacent to the Centre site and recorded the acquisition at cost.

In 2011 the Foundation entered into an agreement with Island Health which grants a license of occupation of land for the purposes of constructing and operating Jeneece Place. The term of the agreement is for 60 years, subject to various conditions of use.

The remaining land is recorded at cost.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(c) Capital assets (continued):

Buildings and equipment:

Purchased buildings and equipment are recorded at cost. Assets are amortized over their estimated useful lives using the following methods and rates:

Asset	Basis	Rate
Buildings	straight-line	20 years
Furniture and Equipment	straight-line	10 years
Machinery	straight-line	20 years
Computer equipment	declining balance	20% to 100%

When a capital asset no longer contributes to the Foundation's ability to provide services its carrying value is written down to its residual value.

(d) Revenue recognition:

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

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue in the appropriate restricted fund when received or receivable. Restricted contributions received specifically for use in subsequent periods are deferred until the specified period in the appropriate fund. Contributions for endowment are recognized as revenue in the Endowment Fund when received or receivable.

Investment income which is required to be expended for restricted purposes is recognized in the appropriate Restricted Fund. Unrestricted investment income including realized and unrealized gains or losses on investments is recognized in the General Fund.

Bequests, legacies and unspecified donations are recorded when received by the Foundation.

Rental revenue is recorded on a straight-line basis over the term of the rental agreement as rental services are provided to the tenant. Rental revenue is based on a cost-recovery model.

Donations of life insurance policies are recorded as revenue when the funds are received by the Foundation. The cash surrender value of the life insurance policies and changes in the cash surrender value are recorded for those policies in which the Foundation is the beneficiary. The annual change in the aggregate cash value is recorded in the statement of operations.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(e) Contributed services and materials:

Volunteers contributed time during the year to assist the Foundation in carrying out its activities. Because of the difficulty of determining their fair value, contributed services and materials are not recognized in the financial statements.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Investments:

	2019	2018
Cash and money market securities	\$ -	\$ 1,192
Fixed income funds	12,934,529	14,685,598
Canadian equity funds	9,119,105	9,561,599
Global and international equity funds	15,997,803	14,772,267
Infrastructure funds	865,785	85,936
	<u>\$ 38,917,222</u>	<u>\$ 39,106,592</u>

	2019	2018
Opening balance	\$ 39,106,592	\$ 43,086,114
Reinvested investment income	1,460,862	5,175,233
Unrealized gains (losses)	927,608	(3,598,999)
Net withdrawals from investments	(2,577,840)	(5,555,756)
Closing balance	<u>\$ 38,917,222</u>	<u>\$ 39,106,592</u>

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

3. Capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Child, Youth and Family Centres:				
Sooke Child Youth and Family Centre:				
Land	\$ 120,000	\$ -	\$ 120,000	\$ 120,000
Building	2,151,822	1,614,148	537,674	645,265
Equipment	66,328	38,118	28,210	8,073
	2,338,150	1,652,266	685,884	773,338
West Shore Child Youth and Family Centre:				
Land	870,000	-	870,000	870,000
Building	6,995,327	4,455,181	2,540,146	2,602,658
Work in Progress - Building	-	-	-	51,695
	7,865,327	4,455,181	3,410,146	3,524,353
Total Child, Youth, and Family Centres	10,203,477	6,107,447	4,096,030	4,297,691
Jeneece Place:				
Building	2,540,299	909,663	1,630,636	1,757,651
Equipment	183,386	134,279	49,107	67,445
Machinery	9,875	578	9,297	9,794
	2,733,560	1,044,520	1,689,040	1,834,890
Total restricted funds	12,937,037	7,151,967	5,785,070	6,132,581
Unrestricted:				
Land (Gordon Head and QA Centre)	587,501	-	587,501	587,501
Buildings	278,277	171,810	106,467	120,381
Office equipment	233,806	27,393	206,413	7,008
	1,099,584	199,203	900,381	714,890
	\$ 14,036,621	\$ 7,351,170	\$ 6,685,451	\$ 6,847,471

The Foundation owns real property in four areas of southern Vancouver Island.

The two properties in Sooke and West Shore provide facilities for local community service agencies to deliver services to children, youth and their families in these communities.

Jeneece Place is situated on the grounds of the Victoria General Hospital in the Town of View Royal.

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

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

4. Internally restricted funds:

At its Board meeting on March 13, 2019, the Board adopted a Spending and Capital Project Plan whereby the balance of \$23,032,847 was determined to be the Board Designated Minimum Capital effective April 1, 2019. This balance is to be managed internally as a form of endowment so that the capital is held to ensure the future stability of the Foundation, its assets, and the Community it serves. This balance shall grow annually at an inflationary rate determined by the Board while the income earned on the capital balance will be used to fund programs and operations. The other internally restricted amounts within the restricted fund are made up of \$191,100 (2018 - \$456,350) for the HerWay Home program, and \$1,485,296 (2018 - \$1,345,330) for a capital replacement reserve.

5. Commitments and contingencies:

- (a) The Foundation is committed to future payments under property management agreements. Future minimum management fees under these agreements are as follows:

2020	\$ 122,424
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- (b) The Foundation is committed to funding HerWay Home, a project with Island Health to support the life-long health of children as follows:

Annual maximum of:	
2020	\$ 199,410
2021	70,000

- (c) The Foundation is committed to funding Bear Essentials, a project with Help Fill A Dream Foundation, to support kids who have medical conditions, health challenges, or disabilities:

Annual maximum of:	
2020	\$ 600,000
2021	600,000

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

5. Commitments and contingencies (continued):

- (d) The Foundation is committed to funding the Pathways to Healing Project (formerly called the Healing Childhood Trauma Partnership Project) with Comox Valley Child Development Association, an early intervention program for children with complex emotional and developmental challenges. Future payments are as follows:

2020	\$ 300,000
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- (e) In 2002, the Foundation received a \$2,000,000 capital grant from the Ministry of Children and Family Development under the Human Resource Facility Act. The capital funding was provided to assist with the development of child and family services in Sooke and West Shore and it was used for the construction of facilities in the Western Communities. Based on the restrictions within the Human Resource Facility agreements, if the Western Communities properties are sold or cease to be used for the purpose the funding was provided for, at that time the Ministry may ask for repayment of the assistance based on the current value of the property. Allocation of the capital grant for each property is \$666,000 for Sooke and \$1,334,000 for Wale Road and is included in invested in capital assets.
- (f) The Foundation is committed to funding the Victoria Youth Mental Health Hub, now called Foundry Victoria, a collaborative partnership to enhance mental health services for youth in Victoria. The total commitment made by the Foundation is \$3,000,000 and \$955,526 has been invested to date. The commitment for 2020 is \$250,000.

6. Interfund transfers:

Interfund transfers of \$1,062,126 were made from the general fund to fund deficits in externally restricted funds and to fund capital projects.

Within the restricted fund, interfund transfers totalling \$35,629 were made from the Donor Designated Fund, Equipment Fund, General Programs Fund, and the Summer Camp Fund to the Queen Alexandra Centre Fund. In addition, interfund transfers were made within the restricted fund to increase the internally restricted capital replacement reserves by \$63,262 for Jeneec Place, \$49,796 for the West Shore Child, Youth, and Family Centre, and \$26,908 for the Sooke Child, Youth, and Family Centre.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

7. Employee pension plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 197,000 active members and approximately 95,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2015 indicated a surplus of \$2,224 million for basic pension benefits.

Due to insufficient information relating to the Foundation's share of the Plan's assets and liabilities, the Foundation accounts for the Plan as if it were a defined contribution plan. The Foundation's annual cost is represented by contributions required for the respective year. During the year, the Foundation paid \$76,165 (2018 - \$62,627) for employer contributions to the plan.

8. Employee and contractor remuneration:

The BC Societies Act came into effect on November 28, 2016. The Act has a requirement for the disclosure in the financial statements of the remuneration of directors, employees and contractors for financial statements prepared after November 28, 2016. For employee and contractor remuneration the requirement is to disclose amounts paid to individuals whose remuneration was greater than \$75,000. For the fiscal year ending March 31, 2019, the Society paid remuneration of \$782,268 to 6 employees (2018 - \$665,467 to 5 employees), each of whom received total annual remuneration of \$75,000 or greater. There was no remuneration paid to directors in 2019 or 2018.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Notes to Financial Statements

Year ended March 31, 2019

9. Financial instruments:

(a) Foreign currency risk:

The Foundation holds a foreign-denominated bank account and investments in equities outside of Canada which are subject to foreign exchange risk. At March 31, 2019, the Foundation held foreign accounts and investments with a fair value of \$16,013,131 (2018 - \$14,787,594).

(b) Interest rate risk:

The Foundation's exposure to interest rate risk relates to its investments in fixed income funds. The fair value of these funds is directly impacted by changes in interest rates.

(c) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Foundation manages the risk associated with credit risk through its policy of dealing with high credit quality financial institutions. Investments are managed by external advisors in accordance with the Foundation's Investment Policy specifying the required asset mix and minimum required credit ratings of investments within the portfolio.

(d) Liquidity risk:

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

There has been no change to risk exposures from 2018 related to foreign currency, interest rate, credit or liquidity risks.

10. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year. The 2018 opening fund balances have been restated by \$3 and the 2018 deficiency of revenue over expense has been restated by \$27 leaving a net restatement of 2018 fund balances of \$24.

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Schedule of Operations and Changes in Fund Balances

Schedule 1

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

	2019				2018			
	Total	General Fund	Restricted Funds	Endowment Fund	Total	General Fund	Restricted Funds	Endowment
Revenue:								
Fundraising	\$ 2,813,286	\$ 1,102,631	\$ 410,655	\$ 1,300,000	\$ 1,273,593	\$ 839,287	\$ 434,306	\$ -
Investment income	1,460,862	1,390,077	70,785	-	5,175,233	4,997,340	177,893	-
Rentals and cost recovery	890,417	-	890,417	-	941,306	-	941,306	-
	5,164,565	2,492,708	1,371,857	1,300,000	7,390,132	5,836,627	1,553,505	-
Expenses:								
Grants and programs	4,825,962	1,559,910	3,266,052	-	4,358,159	742,482	3,615,677	-
Amortization of capital assets	639,485	41,308	598,177	-	606,598	17,163	589,435	-
Administration	1,197,579	1,197,579	-	-	892,056	892,056	-	-
Fundraising	694,677	694,677	-	-	596,788	596,788	-	-
Investment counsel and management	117,116	108,515	8,601	-	186,613	186,613	-	-
	7,474,819	3,601,989	3,872,830	-	6,640,214	2,435,102	4,205,112	-
Unrealized gain (loss) on investments	927,608	883,399	44,209	-	(3,598,999)	(3,472,417)	(126,582)	-
Excess (deficiency) of revenue over expenses	(1,382,646)	(225,882)	(2,456,764)	1,300,000	(2,849,081)	(70,892)	(2,778,189)	-
Fund balances, beginning of year	48,653,086	29,571,236	18,633,103	448,747	51,502,167	30,532,672	20,520,748	448,747
Other interfund transfers	-	(1,062,126)	1,062,126	-	-	(890,544)	890,544	-
Fund balances, end of year	\$ 47,270,440	\$ 28,283,228	\$ 17,238,465	\$ 1,748,747	\$ 48,653,086	\$ 29,571,236	\$ 18,633,103	\$ 448,747

CHILDREN'S HEALTH FOUNDATION OF VANCOUVER ISLAND

Schedule of Changes in Fund Balances

Schedule 2

Year ended March 31, 2019

	Balance beginning of year	Fundraising revenue	Investment income	Rentals and cost recovery	Grants and programs, administration, fundraising, investment fees	Amortization	Excess (deficiency) of revenue over expenses	Interfund Transfers (Note 6)	Balance end of year
Restricted:									
Bear Essentials	\$ -	\$ 20,191	\$ -	\$ -	\$ (512,875)	\$ -	\$ (492,684)	\$ 492,684	\$ -
Donor Designated Fund	15,052	-	-	-	-	-	-	(15,052)	-
Equipment	14,254	110	-	-	-	-	110	(14,364)	-
GR Pearkes Child Development	6,220,718	-	-	-	-	-	-	-	6,220,718
HAFH Campbell River	-	22,500	-	-	(13,118)	-	9,382	-	9,382
HerWay Home	456,350	4,704	-	-	(265,250)	-	(260,546)	-	195,804
Innovation in Mental Health	-	152,177	-	-	(134,434)	-	17,743	-	17,743
Orthotics / Prosthetics / Seating	176,413	887	-	-	(195,000)	-	(194,113)	17,700	-
Pathways to Healing	115,000	-	-	-	(250,000)	-	(250,000)	135,000	-
Programs - General	1,620	400	-	-	-	-	400	(2,020)	-
Summer Camp	2,419	1,774	-	-	-	-	1,774	(4,193)	-
Queen Alexandra Centre	-	2,225	-	-	(137,540)	-	(135,315)	135,315	-
Named Funds									
Goulding Wilson Memorial	100,734	-	18,474	-	-	-	18,474	-	119,208
Hara	202,539	-	-	-	(198,941)	-	(198,941)	-	3,598
Hoensen	161,976	-	17,401	-	(55,082)	-	(37,681)	-	124,295
Lisa Huus Memorial	120,803	2,500	52,615	-	(27,601)	-	27,514	-	148,317
Lavender Trust	254,554	34,482	-	-	(190,489)	-	(156,007)	-	98,547
David Mason	300,481	-	18,383	-	-	-	18,383	-	318,864
Polly Scott Bursary	250	-	-	-	(250)	-	(250)	-	-
Stoneham	411,494	58,218	-	-	(125,000)	-	(66,782)	-	344,712
Vantreight	90,453	-	5,534	-	-	-	5,534	-	95,987
Women's Institute	22,619	500	1,338	-	(2,000)	-	(162)	-	22,457
Building Funds									
Jeneece Place (Note 1)	4,250,493	109,987	-	83,443	(406,524)	(145,847)	(358,941)	(63,262)	3,828,290
Sooke Child, Youth and Family Centre	780,849	-	167	221,511	(205,610)	(109,570)	(93,502)	(1,467)	685,880
West Shore Child, Youth and Family Centre	3,588,702	-	1,082	585,463	(554,939)	(342,760)	(311,154)	241,819	3,519,367
Capital Replacement Reserves	1,345,330	-	-	-	-	-	-	139,966	1,485,296
Total Restricted Funds	\$ 18,633,103	\$ 410,655	\$ 114,994	\$ 890,417	\$ (3,274,653)	\$ (598,177)	\$ (2,456,764)	\$ 1,062,126	\$ 17,238,465
Endowment									
Goulding Wilson Fund	\$ 201,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	201,252
Hoensen Fund	150,000	-	-	-	-	-	-	-	150,000
Lisa Huus Endowment Fund	97,495	1,300,000	-	-	-	-	1,300,000	-	1,397,495
Total Endowment Funds	\$ 448,747	\$ 1,300,000	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000	\$ -	\$ 1,748,747
General	\$ 29,571,236	\$ 1,102,631	\$ 2,273,476	\$ -	\$ (3,560,681)	\$ (41,308)	\$ (225,882)	\$ (1,062,126)	\$ 28,283,228
Total Fund Balances	\$ 48,653,086	\$ 2,813,286	\$ 2,388,470	\$ 890,417	\$ (6,835,334)	\$ (639,485)	\$ (1,382,646)	\$ -	\$ 47,270,440

Note 1: Of the ending balance of \$3,828,290 in the Jeneece Place Fund, \$1,689,040 represents amounts invested in capital assets. The remaining amount of \$2,139,250 represents cash restricted to fund future operations.