Independent auditor’s report

To the Members of Michael Smith Foundation for Health Research

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Michael Smith Foundation for Health Research (the Entity) as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited
The Entity’s financial statements comprise:

- the statement of financial position as at March 31, 2021;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 report.

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

Independence

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

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 these 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.

We 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 of British Columbia, we report that, in our opinion, Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 25, 2021
# Statement of Financial Position

**As at March 31, 2021**

Approved on behalf of the Foundation

<table>
<thead>
<tr>
<th>Assets</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,656,099</td>
<td>1,263,044</td>
</tr>
<tr>
<td>Contributions and other amounts receivable</td>
<td>482,800</td>
<td>2,707,507</td>
</tr>
<tr>
<td>Short-term investments (note 3)</td>
<td>70,697,681</td>
<td>90,505,542</td>
</tr>
<tr>
<td>Prepaid expenses and deposits</td>
<td>102,134</td>
<td>109,785</td>
</tr>
<tr>
<td><strong>Total Current assets</strong></td>
<td>72,938,714</td>
<td>94,585,878</td>
</tr>
<tr>
<td><strong>Long-term investments</strong> (note 3)</td>
<td>8,165,207</td>
<td>8,161,392</td>
</tr>
<tr>
<td><strong>Capital assets</strong> (note 4)</td>
<td>666,663</td>
<td>743,178</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>81,770,584</td>
<td>103,490,448</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>621,081</td>
<td>962,678</td>
</tr>
<tr>
<td>Grants payable</td>
<td>3,500</td>
<td>1,181,883</td>
</tr>
<tr>
<td><strong>Total Current liabilities</strong></td>
<td>624,581</td>
<td>2,144,561</td>
</tr>
<tr>
<td><strong>Deferred contributions</strong> (note 5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions for expenses of future periods</td>
<td>77,207,968</td>
<td>94,650,200</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>666,663</td>
<td>743,177</td>
</tr>
<tr>
<td>Sponsored projects</td>
<td>1,004,833</td>
<td>3,685,971</td>
</tr>
<tr>
<td><strong>Total Deferred contributions</strong></td>
<td>78,879,464</td>
<td>99,079,348</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted for endowment purposes</td>
<td>2,266,539</td>
<td>2,266,539</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>81,770,584</td>
<td>103,490,448</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitments (note 6)</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
</table>

The accompanying notes are an integral part of these financial statements.
Michael Smith Foundation for Health Research
Statement of Operations
For the year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions recognized in current year (note 5(a))</td>
<td>25,702,158</td>
<td>22,455,548</td>
</tr>
<tr>
<td>Contributions recognized in current year – sponsored projects (note 5(c))</td>
<td>2,687,311</td>
<td>574,886</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions (note 5(b))</td>
<td>140,549</td>
<td>96,913</td>
</tr>
<tr>
<td>Partnership income</td>
<td>1,365,096</td>
<td>1,123,416</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>29,895,114</td>
<td>24,250,763</td>
</tr>
</tbody>
</table>

| **Expenses**           |       |       |
| Programs and projects  |       |       |
| Scholar                | 5,663,834 | 5,153,943 |
| Trainee                | 2,321,844 | 1,892,903 |
| Health Professional Investigator | 2,792,314 | 2,306,274 |
| Innovation to commercialization | 2,405,955 | 2,533,111 |
| Convening and collaborating | 184,134 | 254,126 |
| Reach                  | 177,602 | 113,049 |
| COVID-19               | 576,042 | 374,685 |
| Knowledge translation  | - | 56,212 |
| Implementation Science | 703,761 | 635,608 |
| Partnership            | 3,094,729 | 2,912,216 |
| BC SUPPORT Unit        | 2,000,000 | 2,000,000 |
| Health Research Capacity building | 1,300,000 | - |
| Other programs and projects | 626,542 | 254,757 |
| Program and project delivery | 2,350,214 | 2,150,900 |
| Sponsored project expenses | 2,628,319 | 574,886 |
| **Total Expenses**     | 26,825,290 | 21,212,670 |

| Administration         |       |       |
| General operating      | 2,959,750 | 2,941,180 |
| Amortization of capital assets | 110,074 | 96,913 |
| **Total Administration** | 29,895,114 | 24,250,763 |

| **Excess of revenue over expenses** |       |       |
|                                   | - | - |

The accompanying notes are an integral part of these financial statements.
Michael Smith Foundation for Health Research  
Statement of Cash Flows  
For the year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions received for operations and partners</td>
<td>1,025,973</td>
<td>199,098</td>
</tr>
<tr>
<td>Contributions received for sponsored projects</td>
<td>2,033,378</td>
<td>33,171</td>
</tr>
<tr>
<td>Grants and awards</td>
<td>(23,192,098)</td>
<td>(18,305,001)</td>
</tr>
<tr>
<td>Program and project delivery and administration</td>
<td>(5,225,365)</td>
<td>(4,985,785)</td>
</tr>
<tr>
<td>Sponsored project expenses</td>
<td>(2,628,319)</td>
<td>(574,886)</td>
</tr>
<tr>
<td>Other</td>
<td>(702,556)</td>
<td>1,111,271</td>
</tr>
<tr>
<td></td>
<td>(28,688,987)</td>
<td>(22,522,132)</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(26,413,583)</td>
<td>(86,274,308)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>53,366,083</td>
<td>45,184,768</td>
</tr>
<tr>
<td>Purchase of capital assets (note 5(a))</td>
<td>(64,035)</td>
<td>(108,359)</td>
</tr>
<tr>
<td>Receipt of investment income</td>
<td>2,193,577</td>
<td>2,616,828</td>
</tr>
<tr>
<td></td>
<td>29,082,042</td>
<td>(38,581,071)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash</strong></td>
<td>393,055</td>
<td>(61,103,203)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash – Beginning of year</strong></td>
<td>1,263,044</td>
<td>62,366,247</td>
</tr>
<tr>
<td><strong>Cash – End of year</strong></td>
<td>1,656,099</td>
<td>1,263,044</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
1  **Nature of operations**

The Michael Smith Foundation for Health Research (the Foundation) is incorporated under the Societies Act (British Columbia) and is a registered charity under the Income Tax Act. Accordingly, the Foundation is exempt from income and capital taxes and is able to issue donation receipts for income tax purposes.

The Foundation’s principal purpose is to:

- Foster talent development so BC can develop, attract, and retain the very best health researchers;
- Support provincial health system priorities, health system transformation and innovation;
- Build capacity for research uptake; and
- Optimize provincial health research investment through partnerships.

The Foundation receives funding from the Province of British Columbia to conduct a range of peer-reviewed grant programs and other projects. In addition, the Foundation receives funding from other sources to undertake various projects consistent with its purpose.

2  **Significant accounting policies**

**Basis of accounting**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

**Revenue recognition**

The Foundation follows the deferral method of accounting for contributions, including grants and donations from other sources.

Funding received from the Province of British Columbia, along with the future investment income, will be directed to the granting of funds to eligible recipients, the support of strategic initiatives and the payment of the Foundation’s operating and capital expenditures. These restricted contributions, along with any additional related grants and the investment income thereon, are initially deferred and subsequently recognized as revenue in the year in which the related expenses are incurred by the Foundation. Restricted contributions used for the purchase of capital assets are deferred and amortized to revenue at a rate corresponding with the amortization rate for the related capital assets.

The Foundation also receives various other restricted contributions through sponsored project grants, contracts or matching contributions from other organizations that are deferred and recognized as revenue in the year in which the related expenses are incurred by the Foundation.
Endowment contributions are recorded as a direct increase in net assets. Realized and unrealized investment income earned on endowment investments and restricted for specific purposes is deferred and recognized as revenue in the year in which the related expenses are incurred by the Foundation.

Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

**Capital assets**

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the lease or their estimated useful lives. Other capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software</td>
<td>1 year</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>3 years</td>
</tr>
<tr>
<td>Website development</td>
<td>3 years</td>
</tr>
<tr>
<td>Office furniture</td>
<td>5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>5 years</td>
</tr>
</tbody>
</table>

**Financial instruments**

Financial instruments are initially measured at fair value. Subsequently, equity instruments quoted in an active market are measured at fair value. Other instruments are subsequently measured at amortized cost unless elected to be measured at fair value. The Foundation has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets measured at 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.

The Foundation’s financial instruments consist of cash, contributions and other amounts receivable, short-term and long-term investments, accounts payable and accrued liabilities and grants payable.
a) Contributions and other amounts receivable
   
i) Contributions and other amounts receivable are measured at amortized cost using the effective interest method and approximate their fair values due to the relatively short periods to maturity.

b) Investments
   
i) Short-term investments – include any term deposits, income funds, bonds or equities, with a term to maturity of less than one year. Short-term investments are measured at fair value with subsequent changes to fair value recorded as changes in deferred contributions and recognized as revenue when the related expenses are incurred.

   ii) Long-term investments – include any term deposits, bonds and equities with a term to maturity of more than one year or that are related to permanent endowments. Long-term investments are measured at fair value with subsequent changes in fair value recorded as changes in deferred contributions and recognized as revenue when the related expenses are incurred.

c) Financial liabilities
   
i) Accounts payable, grants payable and accrued liabilities are measured at amortized cost using the effective interest method.

Grants and awards

Grants and awards approved by the Foundation are recorded as expenses in the fiscal year that the expense is incurred or the obligation arises. Amounts are usually paid in quarterly installments in advance.

Volunteer services

The Foundation gratefully acknowledges the significant contribution it receives in the form of services from a large number of volunteer peer reviewers, committee members and task force participants. Such services, while essential to the Foundation’s operations, are not recorded in these financial statements because of the difficulty of determining their fair value.

Employee pension plan

The Foundation’s employees belong to the Municipal Pension Plan, which is a multi-employer contributory pension plan. The Foundation records its 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 costs to individual employers participating in the plan.
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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3 Investments

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income funds</td>
<td>$39,742,176</td>
<td>$62,716,062</td>
</tr>
<tr>
<td>Term deposits</td>
<td>$16,246,567</td>
<td>$21,015,835</td>
</tr>
<tr>
<td>Equities</td>
<td>$16,078,159</td>
<td>$8,040,755</td>
</tr>
<tr>
<td>Bonds</td>
<td>$6,795,986</td>
<td>$6,894,282</td>
</tr>
<tr>
<td></td>
<td>$78,862,888</td>
<td>$98,666,934</td>
</tr>
<tr>
<td>Short-term</td>
<td>$70,697,681</td>
<td>$90,505,542</td>
</tr>
<tr>
<td>Long-term</td>
<td>$8,165,207</td>
<td>$8,161,392</td>
</tr>
</tbody>
</table>

Investments in term deposits mature in fiscal 2022. Bonds have maturity dates ranging from fiscal 2022 to fiscal 2024. The long-term portion consists of bonds with maturity dates beyond the next fiscal year and the holdings which are related to the endowment fund.

4 Capital assets

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Amortization</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Computer software</td>
<td>869,427</td>
<td>688,722</td>
</tr>
<tr>
<td>Website development</td>
<td>53,451</td>
<td>8,018</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>372,079</td>
<td>355,716</td>
</tr>
<tr>
<td>Office furniture and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>equipment</td>
<td>231,643</td>
<td>114,893</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>406,975</td>
<td>99,563</td>
</tr>
<tr>
<td></td>
<td>1,933,575</td>
<td>1,266,912</td>
</tr>
</tbody>
</table>

Amortization expense of $30,475 is included in program and project delivery expenses on the statement of operations.
5 Deferred contributions

Deferred contributions represent unspent grants or contract resources restricted for specific purposes and projects, and include expenses for operating as well as capital purposes.

a) Deferred contributions relating to expenses of future periods

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Balance – Beginning of year</strong></td>
<td>94,650,200</td>
<td>116,836,473</td>
</tr>
<tr>
<td>Changes in contributions during the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>3,438,643</td>
<td>2,098,551</td>
</tr>
<tr>
<td>Unrealized gains (losses) on investments</td>
<td>4,885,317</td>
<td>(1,720,917)</td>
</tr>
<tr>
<td><strong>Amounts recognized as revenue during the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(25,702,158)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amounts applied toward capital assets purchased during the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(64,034)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance – End of year</strong></td>
<td>77,207,968</td>
<td>94,650,200</td>
</tr>
</tbody>
</table>

b) Deferred contributions relating to capital assets

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Balance – Beginning of year</strong></td>
<td>743,177</td>
<td>731,731</td>
</tr>
<tr>
<td>Allocation of deferred contributions</td>
<td>64,035</td>
<td>108,359</td>
</tr>
<tr>
<td>Amounts amortized to revenue</td>
<td>(140,549)</td>
<td>(96,913)</td>
</tr>
<tr>
<td><strong>Balance – End of year</strong></td>
<td>666,663</td>
<td>743,177</td>
</tr>
</tbody>
</table>
c) Deferred contributions relating to sponsored projects with restricted funding

<table>
<thead>
<tr>
<th>Project / Initiative</th>
<th>2021 Balance – Beginning of year $</th>
<th>Contributions and donations received $</th>
<th>Amounts recognized to revenue $</th>
<th>2021 Balance – End of year $</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC Influenza Vaccine Program</td>
<td>52,423</td>
<td>-</td>
<td>-</td>
<td>52,423</td>
</tr>
<tr>
<td>Health Services and Policy Research Support</td>
<td>55,484</td>
<td>-</td>
<td>-</td>
<td>55,484</td>
</tr>
<tr>
<td>BC Nursing Research Initiative</td>
<td>12,250</td>
<td>6,173</td>
<td>-</td>
<td>18,424</td>
</tr>
<tr>
<td>COVID-19</td>
<td>2,000,000</td>
<td>-</td>
<td>(1,989,298)</td>
<td>10,702</td>
</tr>
<tr>
<td>Children and Youth with Special Needs</td>
<td>811,951</td>
<td>-</td>
<td>(411,595)</td>
<td>400,356</td>
</tr>
<tr>
<td>Interior Health Capacity Building</td>
<td>3,748</td>
<td>-</td>
<td>-</td>
<td>3,748</td>
</tr>
<tr>
<td>Human Papillomavirus 2</td>
<td>547,231</td>
<td>-</td>
<td>(167,168)</td>
<td>380,063</td>
</tr>
<tr>
<td>Alzheimer’s Disease Research</td>
<td>83,634</td>
<td>-</td>
<td>-</td>
<td>83,634</td>
</tr>
<tr>
<td>Overdose response evaluation</td>
<td>119,250</td>
<td>-</td>
<td>(119,250)</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total                                        | 3,685,971                           | 6,173                                  | (2,687,311)                     | 1,004,833                     |

<table>
<thead>
<tr>
<th>Project / Initiative</th>
<th>2020 Balance – Beginning of year $</th>
<th>Contributions and donations received $</th>
<th>Amounts recognized to revenue $</th>
<th>2020 Balance – End of year $</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC Influenza Vaccine Program</td>
<td>52,423</td>
<td>-</td>
<td>-</td>
<td>52,423</td>
</tr>
<tr>
<td>Health Services and Policy Research Support</td>
<td>-</td>
<td>55,484</td>
<td>-</td>
<td>55,484</td>
</tr>
<tr>
<td>BC Nursing Research Initiative</td>
<td>12,250</td>
<td>-</td>
<td>-</td>
<td>12,250</td>
</tr>
<tr>
<td>Healthy Minds, Healthy People</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Children and Youth with Special Needs</td>
<td>1,196,037</td>
<td>-</td>
<td>(384,086)</td>
<td>811,951</td>
</tr>
<tr>
<td>Interior Health Capacity Building</td>
<td>3,748</td>
<td>-</td>
<td>-</td>
<td>3,748</td>
</tr>
<tr>
<td>Human Papillomavirus 2</td>
<td>547,231</td>
<td>-</td>
<td>-</td>
<td>547,231</td>
</tr>
<tr>
<td>Alzheimer’s Disease Research</td>
<td>83,634</td>
<td>-</td>
<td>-</td>
<td>83,634</td>
</tr>
<tr>
<td>Overdose response evaluation</td>
<td>310,050</td>
<td>-</td>
<td>(190,800)</td>
<td>119,250</td>
</tr>
</tbody>
</table>

| Total                                        | 2,205,373                           | 2,055,484                              | (574,886)                       | 3,685,971                     |
6 Commitments

a) Grant commitments

Through a variety of targeted granting programs, the Foundation commits the majority of its funds to providing peer-reviewed research awards or strategic projects aimed at fulfilling the Foundation’s mandate. Some of the commitments made through these granting programs and projects have terms that span more than one fiscal year. Such grants have ongoing eligibility criteria and, consequently, grant commitments are expensed in the period that the expense is incurred or the obligation arises.

The following table summarizes grant commitments approved by the Foundation, by major grant program or project:

<table>
<thead>
<tr>
<th>Grant program or project</th>
<th>2022</th>
<th>2023 and thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Investigator (Scholar)</td>
<td>1,952,083</td>
<td>-</td>
<td>1,952,083</td>
</tr>
<tr>
<td>Trainee</td>
<td>1,480,959</td>
<td>20,625</td>
<td>1,501,584</td>
</tr>
<tr>
<td>Health Professional Investigator</td>
<td>1,460,665</td>
<td>37,500</td>
<td>1,498,165</td>
</tr>
<tr>
<td>Innovation to Commercialization</td>
<td>1,970,612</td>
<td>12,375</td>
<td>1,982,987</td>
</tr>
<tr>
<td>Implementation of Science Team</td>
<td>157,860</td>
<td>-</td>
<td>157,860</td>
</tr>
<tr>
<td>Other</td>
<td>182,808</td>
<td>150,000</td>
<td>332,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,204,987</strong></td>
<td><strong>220,500</strong></td>
<td><strong>7,425,487</strong></td>
</tr>
</tbody>
</table>

b) Grant commitments – Sponsored projects

Through a variety of specialized granting programs, the Foundation also may commit significant amounts of project funding to providing peer-reviewed research awards aimed at fulfilling each project’s specific mandate. Some of the commitments made through these granting programs have terms that span more than one fiscal year. Such grants have ongoing eligibility criteria and, consequently, grant commitments are expensed in the period that the expense is incurred or the obligation arises.

There are no commitments for sponsored projects.

c) Office space and equipment lease commitments

The Foundation rents office space under a long-term lease that expires October 31, 2028 and provides for an additional five-year extension at the option of the Foundation.

The Foundation also leases various types of office equipment.
The Foundation has future minimum lease payments under these operating leases as follows:

<table>
<thead>
<tr>
<th>Years ending March 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>501,151</td>
</tr>
<tr>
<td>2023</td>
<td>507,899</td>
</tr>
<tr>
<td>2024</td>
<td>523,150</td>
</tr>
<tr>
<td>2025</td>
<td>539,639</td>
</tr>
<tr>
<td>2026</td>
<td>549,947</td>
</tr>
<tr>
<td>2027 and beyond</td>
<td>1,479,058</td>
</tr>
<tr>
<td></td>
<td>4,100,844</td>
</tr>
</tbody>
</table>

7 Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation’s investments in any term deposits, bonds, income funds and equities are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages the risk by retaining professional investment counselors who act in accordance with the Foundation’s investment policies. These policies include asset mix guidelines and minimum investment grade levels for each asset class.

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

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The majority of the Foundation’s assets are held as short-term investments that can be readily liquidated and, therefore, the Foundation’s liquidity risk is considered minimal. In addition, the Foundation aims to retain a sufficient cash position to manage liquidity.

Market risk

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates and equity prices, will affect the Foundation’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while earning an acceptable return.

a) Currency risk

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

The Foundation holds minimal investments in foreign currencies; as such the risk is minimal.
b) Interest rate risk

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation is invested in term deposits and income funds that may be impacted by changes in the market interest rate.

The Foundation manages interest rate risk on term deposits by choosing instruments that have fixed rates of return and terms that will match the projected cash flow requirements. Interest rate risk on income funds is managed through professional investment counselors, by holding instruments which have a high liquidity in the marketplace or by choosing instruments with fixed terms that align with projected cash flow requirements.

8 Employee pension plan

The Foundation and its employees contribute to the Municipal Pension Plan (jointly trusteed pension). The boards of trustees, representing plan members and employers, is responsible for administering the pension plan, including investing assets and administering benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula.

The latest actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a $2.8 billion funding surplus for basic pension benefits.

The Foundation paid $261,147 for employer contributions to the plan during the year ended March 31, 2021 (2020 – $232,078).

9 Remuneration

a) Remuneration of directors

Remuneration paid to elected directors during the year ended March 31, 2021 was $nil (2020 – $nil).

b) Top ten employee compensation

The top ten employees and contractors received compensation in excess of $75,000 per individual for the year ended March 31, 2021. Their combined compensation for the year ended March 31, 2021 was $1,542,483 (2020 – $1,277,741).