

Financial Statements of

**BRITISH COLUMBIA'S CHILDREN'S
HOSPITAL FOUNDATION**

Year ended March 31, 2012



KPMG LLP
Chartered Accountants
Box 10426, 777 Dunsmuir Street
Vancouver BC V7Y 1K3

Telephone (604) 691-3000
Telefax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia's Children's Hospital Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of British Columbia's Children's Hospital Foundation, which comprise the statement of financial position as at March 31, 2012, the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of British Columbia's Children's Hospital Foundation as at March 31, 2012 and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.

KPMG LLP

Chartered Accountants

June 27, 2012

Vancouver, Canada

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Financial Position
(in thousands of dollars)

March 31, 2012, with comparative figures for 2011

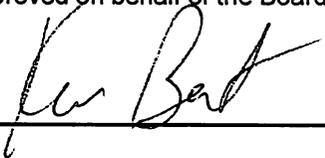
	2012	2011
Assets		
Current assets:		
Cash	\$ 11,917	\$ 15,428
Accounts receivable (note 7)	2,841	1,026
Prepaid expenses	112	116
	<u>14,870</u>	<u>16,570</u>
Capital assets (note 3)	1,018	2,140
Other assets (note 4)	732	1,247
Investments (note 5)	214,116	193,122
Vancouver Foundation capital fund (note 6)	6,033	7,258
	<u>\$236,769</u>	<u>\$ 220,337</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,437	\$ 5,207
Due to related parties (note 7)	97,152	82,174
Deferred revenue	157	125
	<u>102,746</u>	<u>87,506</u>
Net Assets:		
Unrestricted fund	366	685
Capital fund	5,984	6,267
Endowment fund	77,251	77,266
Externally restricted fund	2,660	1,094
Internally restricted fund	47,762	47,519
	<u>134,023</u>	<u>132,831</u>
	<u>\$ 236,769</u>	<u>\$ 220,337</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Operations and Changes in Net Assets
(in thousands of dollars)

Year ended March 31, 2012, with comparative figures for 2011

	Internally restricted funds					Externally restricted fund		Total	
	Unrestricted fund	Internally restricted fund	Capital fund	Endowment fund		2012	2011		
Revenue:									
Fundraising (notes 9 and 10)	\$ 27,200	-	-	\$ 1,465	\$ 29,315	\$ 57,980	\$ 52,906		
Lottery	-	-	-	-	17,667	17,667	17,754		
Net investment income (note 5)	5,844	-	-	-	-	5,844	11,941		
Loss on sale of capital assets (note 3)	-	-	(159)	-	-	(159)	827		
Vancouver Foundation income (note 6)	361	-	-	8	196	565	1,391		
	33,405	-	(159)	1,473	47,178	81,897	84,819		
Expenses:									
Direct fundraising costs	10,683	-	-	-	-	10,683	9,844		
Foundation administration	4,771	-	124	-	-	4,895	4,459		
Lottery	-	-	-	-	12,871	12,871	12,961		
Public relations and community awareness	1,585	-	-	-	-	1,585	1,272		
	17,039	-	124	-	12,871	30,034	28,536		
Excess (deficiency) of revenue over expenses before grants and contributions	16,366	-	(283)	1,473	34,307	51,863	56,283		
Funds provided to:									
Children's and Women's Health Centre of British Columbia	(17,071)	-	-	-	(32,741)	(49,812)	(46,998)		
British Columbia's Women's Hospital and Health Centre Foundation	(2)	-	-	-	-	(2)	-		
Sunny Hill Foundation for Children	(500)	-	-	-	-	(500)	(747)		
	(17,573)	-	-	-	(32,741)	(50,314)	(47,745)		
Excess (deficiency) of revenue over expenses	(1,207)	-	(283)	1,473	1,566	1,549	8,538		
Net assets, beginning of year	685	47,519	6,267	77,266	1,094	132,831	120,347		
Change in fair value of investments (note 5)	-	243	-	(600)	-	(357)	3,946		
Interfund transfers (note 11)	888	-	-	(888)	-	-	-		
Net assets, end of year	\$ 366	\$ 47,762	\$ 5,984	\$ 77,251	\$ 2,660	\$ 134,023	\$ 132,831		

See accompanying notes to financial statements.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Cash Flows
(in thousands of dollars)

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided from (used in):		
Operations:		
Excess of revenue over expenses	\$ 1,549	\$ 8,538
Items not involving cash:		
Gain on sale of investments (note 5)	(1,388)	(7,631)
Loss (gain) on sale of capital assets (note 3)	159	(827)
Amortization	83	112
Proceeds from beneficial interest in life insurance policies and charitable remainder trusts	515	5
	918	197
Change in non-cash working capital:		
Accounts receivable	(1,815)	1,239
Prepaid expenses	4	9
Accounts payable and accrued liabilities	230	286
Due to related parties (note 7)	14,978	23,913
Deferred revenue	32	(34)
	14,347	25,610
Investing:		
Net change in short-term deposits included in investments	(19,175)	(23,205)
Purchases of investments	(3,698)	(125,554)
Proceeds from dispositions of investments	3,087	118,454
Purchase of capital assets	(76)	(20)
Proceeds from sale of capital assets (note 3)	957	4,127
Vancouver Foundation capital fund (note 6)	1,047	1,396
	(17,858)	(24,802)
Increase (decrease) in cash	(3,511)	808
Cash, beginning of year	15,428	14,620
Cash, end of year	\$ 11,917	\$ 15,428
Non-cash transactions:		
Change in fair value of investments credited to net assets	\$ (357)	\$ 3,946

See accompanying notes to financial statements.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

1. Operations:

The British Columbia's Children's Hospital Foundation (the "Foundation") is incorporated under the Society Act (British Columbia).

The Foundation has been established to promote the development of child health care at the Children's and Women's Health Centre of British Columbia (the "Health Centre"), in particular at British Columbia's Children's Hospital, by providing financial support for the development of research, patient care and education, and the purchase of equipment and facilities.

The Foundation is a charitable organization registered under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

On October 28, 2000, the Foundation and Sunny Hill Foundation for Children ("Sunny Hill") signed an operational agreement in which all fundraising and fund management activities of Sunny Hill would be run by the Foundation. The reason for the agreement was to better carry out the primary purpose of the two foundations of raising funds for the Health Centre. All assets of Sunny Hill, except for the Sunny Hill Property Trust, are now managed by the Foundation.

Sunny Hill remains a separate legal entity. Accordingly, the Foundation's financial statements exclude the financial position and operating results, including fundraising efforts, of Sunny Hill. See note 8 for a summary of the financial position and operating results of Sunny Hill.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Fund accounting:

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

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of operations and changes in net assets.

For financial reporting purposes, the accounts have been classified into the following funds:

(i) Unrestricted fund:

The unrestricted fund comprises donations that are not specifically designated by donors, as well as investment income. All fundraising and administrative costs are charged to the unrestricted fund, regardless of which fund the resulting donations were directed to by the donor.

(ii) Internally restricted fund:

From time to time, the Board may impose certain restrictions on fund balances. These amounts are presented in the statements of financial position and operations and changes in net assets as internally restricted funds. These funds have been internally restricted as endowment funds such that the interest earned on the funds will be used to pay operational costs of the Foundation. These internally restricted amounts are not available for other purposes without approval of the Board.

(iii) Capital fund:

The capital fund reports the assets, liabilities, contributions restricted for the acquisition of capital assets, expenses and gains on the sale of capital assets related to the Foundation's capital assets (note 3).

(iv) Endowment fund:

The externally restricted endowment fund comprises donations that are permanently maintained in accordance with donor wishes.

Changes in fair value of investments for all endowment investments classified as available-for-sale are recorded directly as changes in the endowment fund net assets balance.

Investment income required to be recapitalized into the endowment funds is determined based on a distribution percentage, as approved by the Board annually, and is recorded as an interfund transfer from the unrestricted fund.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

(v) Externally restricted fund:

The externally restricted fund comprises funds for which the purposes have been specifically designated by donors, funds raised through the Foundation's annual lottery, restricted income received from the Vancouver Foundation and the restricted investment income earned on the endowment funds held by the Foundation. These funds include those which are restricted for use in research, patient care and other designated areas of the Foundation's support grant activities.

Investment income allocated to restricted funds is based on a distribution percentage, as approved by the Board annually, and is recorded as an interfund transfer from the unrestricted fund.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the following periods:

Assets	Period
Buildings	15 years
Computer equipment	3 years
Office equipment and furniture	5 years

(d) Other assets:

The Foundation is the named beneficiary for various life insurance policies for which the respective donors have agreed to pay the life insurance premiums on behalf of the Foundation. The life insurance policies are irrevocable. Revenue is recognized in the unrestricted fund and a corresponding asset is recorded at the value of the insurance premiums paid on the policies by donors.

The Foundation is also the named beneficiary of various charitable remainder trusts. Revenue is recognized in the unrestricted fund and a corresponding receivable is accrued at the time the trust agreement is signed, based on the present value of expected future cash receipts as determined by an actuary. Any difference between the carrying value and actual cash received upon death of the donor is recognized as revenue or expense in the period of receipt.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

2. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are accounted for in accordance with Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, and CICA Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. These Sections require all financial assets and liabilities to be classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the statement of financial position and initially measured at fair value. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held for trading financial investments are measured at fair value and all revaluation gains and losses are included in revenue or expenses in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses recognized as changes in net assets until the financial asset is disposed of or becomes impaired. Loans and receivables, held-to-maturity financial investment and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Foundation's financial assets and liabilities are classified as follows:

(i) Cash:

Cash is designated as held for trading and is recorded at fair value.

(ii) Accounts receivable:

Accounts receivable are designated as loans and receivables and are recorded at amortized cost, less any impairment losses recognized, and approximate fair value due to their short term to maturity.

(iii) Investments and Vancouver Foundation capital fund:

Included in investments and Vancouver Foundation capital fund are short-term deposits, notes and investment certificates, bonds and common stocks that are classified as available-for-sale and recorded at fair value. Realized gains and losses and impairment losses are reflected as net investment income in revenue, and fair value adjustments are recorded as a direct increase or decrease to net assets in the statement of operations and changes in net assets.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

(iv) Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are classified as other financial liabilities and are recorded at amortized cost and approximate fair value due to their short term to maturity.

(v) Due to related parties:

The amount due to related parties is recorded at amortized cost. The fair value is not practicable to determine given the related party nature of the amount and the lack of comparable market information.

(f) Deferred revenue:

Deferred revenue represents sponsorship monies received in advance of related events.

(g) Contributed materials and services:

The Foundation records the fair value of contributed materials that qualify for receipted in-kind donations, where such fair value is determinable, and would otherwise have been purchased, as revenue along with a corresponding expense. During the year the Foundation recorded contributions of in-kind donations with a fair value of \$731,368 (2011 - \$689,403).

A number of volunteers and corporate supporters contribute a significant amount of time and services to the Foundation each year. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

(h) 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 reporting period. A significant area requiring the use of management estimates includes the determination of useful lives of capital assets and fair value of investments and Vancouver Foundation capital fund. Actual results could differ from those estimates.

(i) Allocation of expenses:

(i) Direct costs:

Direct costs include direct internal costs relating to fundraising activity, event expenses, and third party fundraising program costs.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

2. Significant accounting policies (continued):

(i) Allocation of expenses (continued):

(ii) Foundation administration and public relations and community awareness expenses:

All expenses related to general management and administrative activities are expensed in the period in which they are incurred as Foundation administration expenses. All expenses related to public relations and marketing are expensed in the period in which they are incurred as public relations and community awareness expenses.

Foundation administration and public relations and community awareness expenses are not allocated to direct costs related to fundraising and event activities.

(j) Future accounting and reporting changes:

The Foundation is a not-for-profit organization. In December 2010, the Accounting Standards Board ("AcSB") of the CICA and the Public Sector Accounting Board ("PSAB") released the accounting standards impacting the future financial reporting framework for not-for-profit organizations. Under the new accounting standards issued by the AcSB, not-for-profit organizations that are not controlled by a government will apply the Accounting Standards for Not-for-Profit Organizations contained in Part III of the Handbook-Accounting or International Financial Reporting Standards.

These standards are effective for years beginning on or after January 1, 2012. The Foundation is electing to adopt the Accounting Standards for Not-For-Profit Organizations and is currently determining the impact.

3. Capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 590	\$ -	\$ 590	\$ 1,247
Buildings	446	89	357	812
Computer equipment	260	241	19	29
Office equipment and furniture	151	99	52	52
	\$ 1,447	\$ 429	\$ 1,018	\$ 2,140

One of the two remaining South Surrey homes was sold for proceeds of \$900,841 during the year ended March 31, 2012. The property had a net book value of \$1,071,576. The realized loss on sale of \$170,735 was recorded to expense in the capital fund. In addition, a realized gain of \$12,027 was recorded on furniture.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

4. Other assets:

	2012	2011
Life insurance policies	\$ 661	\$ 787
Charitable remainder trusts	71	460
	\$ 732	\$ 1,247

5. Investments:

	2012	2011
Short-term deposits, notes and investment certificates	\$ 57,107	\$ 41,056
Bonds	63,000	58,136
Common stocks	94,009	93,930
	214,116	193,122
Restricted for endowments:		
External, excluding Vancouver Foundation endowment	71,218	70,009
Internal	42,134	42,449
	113,352	112,458
	\$ 100,764	\$ 80,664

The yield for 2012, including realized gains and losses, was 2.69% (2011 - 8.14%), calculated on the basis of total investment income divided by the sum of the weighted average monthly original cost value. This yield does not include unrealized gains and losses.

The fair value of the investments is \$214,116,000 (2011 - \$193,122,000), with an original cost of \$202,157,000 (2011 - \$180,983,000). As the investments are classified as available-for-sale, the change in the fair value of the investments is recorded as a change in net assets.

During the year, the Foundation recorded realized gains of approximately \$1,388,000 (2011 - \$7,631,000 gain) as part of investment income. Any unrealized gain or loss related to these investments was previously recorded directly as a change in net assets.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

6. Vancouver Foundation capital fund:

The Foundation receives income from restricted funds held at the Vancouver Foundation. The Foundation's rights to the capital have certain restrictions and, accordingly, these funds are not reflected in these financial statements, except as described below. Funds held at the Vancouver Foundation, for which the Foundation is the sole recipient of the income, have a market value at March 31, 2012 of approximately \$11,697,000 (2011 - \$12,993,000).

Of this \$11,697,000, approximately \$6,033,000 (2011 - \$7,258,000) relates to the Children's Hospital Foundation Capital Fund (the "Capital Fund"). This Capital Fund is administered by a separate Board of Directors (the "Capital Fund Board") originally established by the Health Centre. At the discretion of the Capital Fund Board, 25% of the capital from this fund can be withdrawn and disbursed to the Foundation in any one year.

The Vancouver Foundation manages the investments in the Capital Fund but disbursements are at the absolute discretion of the Capital Fund Board. The members of the Capital Fund Board are the society members of the Foundation. As a result the Foundation is deemed to control the Capital Fund. Hence, the Capital Fund is reflected in these financial statements. In the current year, 25% of the capital from this fund was withdrawn and disbursed to the Foundation.

All of the restricted funds, with the exception of the Capital Fund, of approximately \$5,664,000 (2011 - \$5,736,000) will remain with the Vancouver Foundation in perpetuity, with the income flowing to the Foundation. Hence, these funds are not reflected in these financial statements.

7. Related party balances and transactions:

The Foundation had the following amounts due to related parties:

	2012	2011
Due to the Health Centre (a)	\$ 97,152	\$ 82,070
Due to Children's Hospital Foundation Limited ("CHFL") (b)	-	104
	<u>\$ 97,152</u>	<u>\$ 82,174</u>

The Foundation had the following amounts due from related parties included in accounts receivable:

	2012	2011
Due from Sunny Hill (c)	\$ 413	\$ 1
Due from Sunny Hill Property Trust ("SHPT") (d)	16	1
Due from Sunshine Fund for Kids and Causes ("SFKC") (e)	68	17
	<u>\$ 497</u>	<u>\$ 19</u>

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

7. Related party balances and transactions (continued):

- (a) As at March 31, 2012, the Foundation owes \$97,152,000 (2011 - \$82,070,000) to the Health Centre. The amount due to the Health Centre consists of costs incurred by the Health Centre of \$2,528,000 (2011 - \$13,789,000), which are to be reimbursed by the Foundation, as well as grants receivable from the Foundation of \$94,624,000 (2011 - \$68,281,000). The \$2,528,000 is non-interest bearing, has no specific repayment terms and arises in the normal course of operations. The \$94,624,000 is moved to a designated fund and is paid out as the Health Centre incurs qualifying expenditures.

The Foundation has a portion of its office located in premises provided on a rent-free basis by the Health Centre. Rent for the year with a fair value of approximately \$825,500 (2011 - \$866,300) has not been recorded in the statement of operations. If these facilities were unavailable on this basis, the Foundation would have to rent similar facilities from another landlord.

The Foundation also receives certain administrative services from the Health Centre, including the use of accounting systems, payroll and benefit administration, housekeeping and information technology support. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

- (b) At March 31, 2011, the Foundation owed CHFL \$104,000 for gift revenues received by the Foundation not yet remitted to CHFL.
- (c) Under the operational merger agreement explained in note 1, the Foundation manages the receipt of Sunny Hill's gift revenue. During the year, the Foundation has received donations on behalf of Sunny Hill of \$549,379 (2011 - \$230,435) and has incurred investment management fees on behalf of Sunny Hill of \$32,393 (2011 - \$17,319).
- (d) During the year ended March 31, 2012, BCCHF incurred expenses on behalf of SHPT of \$16,085 (2011 - \$841).
- (e) During the year ended March 31, 2012, SFKC provided grants of \$31,415 (2011 - \$15,155) to BCCHF. BCCHF incurred expenses on behalf of SFKC of \$36,352 during the year ended March 31, 2012 (2011 - \$1,366).

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

8. Sunny Hill Foundation for Children:

The following is a summary of the financial position and results of operations and changes in net assets of Sunny Hill, which is managed by the Foundation under the operational merger agreement explained in note 1.

	2012	2011
Financial position:		
Total assets	\$ 11,821	\$ 10,933
Total liabilities	\$ 6,287	\$ 5,344
Fund balances:		
Unrestricted fund	220	208
Endowment fund	4,901	4,972
Internally restricted fund	413	409
	5,534	5,589
	\$ 11,821	\$ 10,933
Results of operations and changes in net assets:		
	2012	2011
Revenue	\$ 1,436	\$ 1,273
Expenses	(33)	(17)
Grants to the Health Centre	(1,390)	(1,340)
Excess (deficiency) of revenue over expenses	13	(84)
Net assets, beginning of year	5,589	4,991
Change in fair value of investments	(68)	682
Net assets, end of year	\$ 5,534	\$ 5,589

During the year, the Foundation provided supporting grants to Sunny Hill in the amount of \$500,000 (2011 - \$747,000).

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

9. Children's Hospital Foundation Limited:

CHFL was incorporated in Hong Kong on March 5, 2008 and granted charitable registration status in Hong Kong on May 9, 2008. CHFL was organized to record the financial activities of fundraising in greater China for the benefit of the Centre for International Child Health ("CICH"). The CICH is a component of the Health Centre and operates to improve the lives and health of children today and in the future through advancing capacity and knowledge in child health globally. The Foundation and CHFL have an administrative services agreement whereby the Foundation provides administrative services to CHFL in order to support the carrying out of its purpose. No administration costs are charged by to CHFL by the Foundation. All assets of CHFL are now managed by the Foundation. CHFL continues to remain a separate legal entity. Accordingly the Foundation's financial statements exclude the financial position and operating results, including fundraising efforts realized through CHFL.

During the year, CHFL provided supporting grants to the Foundation in the amount of \$nil (2011 - \$80,000).

The following is a summary of the financial position and results of operations and changes in net assets of CHFL, which is managed by the Foundation.

	2012	2011
Financial position:		
Total assets	\$ 110	\$ 124
Total liabilities	\$ -	\$ -
Unrestricted fund balance	110	124
	\$ 110	\$ 124
Results of operations and changes in net assets:		
Revenue	\$ 1	\$ 80
Expenses	(15)	(8)
Grants to the Foundation	-	(80)
Deficiency of revenue over expenses	(14)	(8)
Net assets, beginning of year	124	132
Net assets, end of year	\$ 110	\$ 124

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

10. Sunshine Fund for Kids and Causes:

Sunshine Fund for Kids and Causes ("SFKC") was incorporated federally on July 4, 2008 under the Canada Corporations Act and is registered as a public foundation under the Income Tax Act. SFKC operates a donor-advised fund that makes gifts to qualified donees. SFKC and the Foundation have an administrative services agreement whereby the Foundation provides administrative services to SFKC in order to support the carrying out of its purposes. No administration costs are charged to SFKC by the Foundation. All assets of SFKC are now managed by the Foundation. SFKC continues to remain a separate legal entity. Accordingly the Foundation's financial statements exclude the financial position and operating results, including fundraising efforts realized through SFKC.

During the year ended March 31, 2012, the Foundation has recognized fundraising revenue of \$31,415 (2011 - \$15,155) relating to grants from SFKC.

The following is a summary of the financial position and results of operations and changes in net assets of SFKC, which is managed by the Foundation.

	2012	2011
Financial position:		
Total assets	\$ 1,400	\$ 1,247
Total liabilities	\$ 73	\$ 22
Fund balances:		
Unrestricted fund	18	13
Endowment fund	1,309	1,212
	1,327	1,225
	\$ 1,400	\$ 1,247

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

10. Sunshine Fund for Kids and Causes (continued):

	2012	2011
Results of operations and changes in net assets:		
Revenue	\$ 157	\$ 135
Expenses	(15)	(2)
Grants to:		
Foundation	(31)	(15)
Other	(5)	(5)
Excess of revenue over expenses	106	113
Net assets, beginning of year	1,225	1,000
Change in fair value of investments	(4)	112
Net assets, end of year	\$ 1,327	\$ 1,225

11. Interfund transfers:

During the year ended March 31, 2012, the Foundation has transferred \$1,047,159 from the endowment fund to the unrestricted fund as a result of a withdrawal from the Vancouver Foundation capital fund as discussed in note 6. In addition, the Board approved a transfer of \$158,609 from the unrestricted fund to the endowment fund as a result of investment income required to be recapitalized into the endowment funds.

12. Financial instruments:

The Foundation's financial instruments include cash, accounts receivable, investments, Vancouver Foundation capital fund, accounts payable and accrued liabilities and due to related parties. It is management's opinion that the Foundation is not exposed to significant interest or credit risks arising from these financial instruments.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements (continued)
(tabular amounts in thousands of dollars)

Year ended March 31, 2012

13. Capital management:

The Foundation receives its principal source of capital through donations, grants and investment income earned on endowment funds. The Foundation defines capital to be net assets, which includes amounts held in the unrestricted fund, capital fund, endowment fund, externally restricted fund, and internally restricted fund. In carrying out its purpose, the Foundation regularly distributes its capital through gifting to the Health Centre, in particular at British Columbia's Children's Hospital, for the development of research, patient care and education, and the purchase of equipment and facilities, to improve the health and the lives of the young people who enter British Columbia's Children's Hospital every day and through transfers of capital to the Vancouver Foundation for investment of the endowment funds as specified by donors or the Board.

Other than the balances of the externally restricted and endowment funds, the Foundation is not subject to any external capital requirements or restrictions.

14. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.