

Financial Statements of

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

Year ended March 31, 2010



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AUDITORS' REPORT

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

We have audited the statement of financial position of British Columbia's Children's Hospital Foundation (the "Foundation") as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, except for the change in the method of accounting for contributed materials and services as explained in note 2(h) to the financial statements, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Accountants

Burnaby, Canada
May 19, 2010

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Financial Position
(in thousands of dollars)

March 31, 2010, with comparative figures for 2009

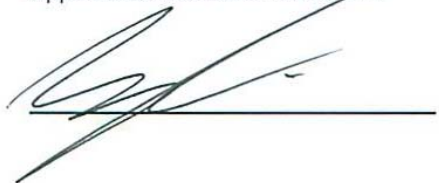
	2010	2009
Assets		
Current assets:		
Cash	\$ 14,620	\$ 20,392
Accounts receivable	2,265	2,534
Prepaid expenses	125	257
	17,010	23,183
Capital assets (note 3)	5,532	5,868
Other assets (note 4)	1,252	1,202
Investments (note 5)	150,604	117,900
Vancouver Foundation investment (note 6)	9,290	-
	\$ 183,688	\$ 148,153

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,921	\$ 4,749
Due to related parties (note 8)	58,261	53,373
Deferred revenue	159	70
	63,341	58,192
Fund balances:		
Unrestricted fund	(5,298)	(3,564)
Capital fund	5,532	5,868
Endowment fund	74,567	54,640
Externally restricted fund	2,796	2,516
Internally restricted fund	42,750	30,501
	120,347	89,961
	\$ 183,688	\$ 148,153

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, 2010, with comparative figures for 2009

	Unrestricted fund	Capital fund	Endowment fund	Externally restricted fund	Internally restricted fund	Total	
						2010	2009
Revenue:							
Fundraising	\$ 21,812	\$ -	\$ 1,136	\$ 20,713	\$ -	\$ 43,661	\$ 54,765
Lottery	-	-	-	9,497	-	9,497	9,139
Net investment income (loss) (note 5)	1,843	-	-	-	-	1,843	3,138
Gain on sale of capital assets (note 3)	-	91	-	-	-	91	-
Vancouver Foundation income (note 6)	346	-	5	114	-	465	706
	24,001	91	1,141	30,324	-	55,557	67,748
Direct costs	8,521	-	-	-	-	8,521	9,493
	15,480	91	1,141	30,324	-	47,036	58,255
Expenses:							
Foundation administration	3,348	114	-	-	-	3,462	3,552
Lottery	-	-	-	6,719	-	6,719	7,105
Public relations and community awareness	1,270	-	-	-	-	1,270	1,152
	4,618	114	-	6,719	-	11,451	11,809
Excess (deficiency) of revenue over expenses before grants and contributions and Vancouver Foundation endowment fund							
	10,862	(23)	1,141	23,605	-	35,585	46,446
Transfers:							
Funds provided to:							
Children's and Women's Health							
Centre of British Columbia	(8,584)	(135)	-	(26,669)	-	(35,388)	(42,020)
Sunshine Fund For Kids & Causes	(1,000)	-	-	-	-	(1,000)	-
Sunny Hill Foundation	(677)	-	-	-	-	(677)	(1,051)
	(10,261)	(135)	-	(26,669)	-	(37,065)	(43,071)
Vancouver Foundation investment funds (note 6)	-	-	9,290	-	-	9,290	-
	(10,261)	(135)	9,290	(26,669)	-	(27,775)	(43,071)
Excess (deficiency) of revenue over expenses							
	601	(158)	10,431	(3,064)	-	7,810	3,375
Fund balances, beginning of year	(3,564)	5,868	54,640	2,516	30,501	89,961	108,713
Change in fair value of investment (note 5)	-	-	10,327	-	12,249	22,576	(22,127)
Interfund transfer	(2,335)	(178)	(831)	3,344	-	-	-
Fund balances, end of year	\$ (5,298)	\$ 5,532	\$ 74,567	\$ 2,796	\$ 42,750	\$ 120,347	\$ 89,961

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, 2010, with comparative figures for 2009

	2010	2009
Cash provided from (used in):		
Operations:		
Excess of revenue over expenses	\$ 7,810	\$ 3,375
Items not involving cash:		
Loss on sale of investments (note 5)	2,688	1,408
Gain on sale of capital assets (note 3)	(91)	-
Contribution of land and buildings received	-	(3,300)
Amortization	114	16
Beneficial interest in life insurance policies and charitable remainder trusts	(50)	(56)
	10,471	1,443
Change in non-cash working capital:		
Accounts receivable	269	150
Prepaid expenses	132	(2)
Accounts payable and accrued liabilities	172	1,021
Due to related parties (note 8)	4,888	16,968
Deferred revenue	89	15
	16,021	19,595
Investing:		
Net change in short-term deposits included in investments	(8,355)	(4,617)
Purchases of investments	(61,613)	(79,793)
Proceeds from dispositions of investments	57,152	75,784
Purchase of capital assets	(26)	(105)
Proceeds from disposition of capital assets (note 3)	339	-
Transfer of investments to capital fund (note 3)	-	(2,431)
Vancouver Foundation investment (note 6)	(9,290)	-
	(21,793)	(11,162)
Increase (decrease) in cash	(5,772)	8,433
Cash, beginning of year	20,392	11,959
Cash, end of year	\$ 14,620	\$ 20,392
Non-cash transactions:		
Change in fair value of investments credited to net assets	\$ (22,576)	\$ (22,127)

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, 2010

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 in 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 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 Sunny Hill. See note 7 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 for not-for-profit organizations.

(b) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the Foundation follows the restricted fund method of accounting for contributions. Under this method, restricted contributions are recorded as revenue of the restricted fund to which they relate. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of 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, 2010

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 these 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 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) Capital fund:

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

(iii) 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 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.

(iv) 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.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

2. Significant accounting policies (continued):

(b) Fund accounting (continued):

(v) 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 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.

(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 receivable is accrued as the life insurance premiums are paid by respective 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, 2010

2. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are accounted for in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*, and 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 has chosen to continue to apply the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, rather than adopting CICA Handbook Section 3862, *Financial Instruments – Disclosures*, and CICA Handbook Section 3863, *Financial Instruments – Presentation*, as permitted for not-for-profit organizations.

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 endowment:

Included in investments and Vancouver Foundation endowment 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 in the statement of operations and fair value adjustments are recorded as a direct increase or decrease to net assets in the statement of 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, 2010

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

(iv) Accounts payable and accrued liabilities:

Accounts payable 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 events.

(g) Contributed materials and services:

In prior years, the fair value of contributed materials were not reflected in these financial statements. Beginning with this fiscal year, the Foundation began recording the fair value of contributed materials that qualify for receipted in-kind donations, where such fair value is determinable, that would otherwise have been purchased as revenue along with a corresponding expense. During the year the Foundation received such contributions of in-kind donations with a fair value of \$574,976 (2009 - \$225,749). This change in policy has been applied retroactively with no significant impact to the financial statements.

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 impairment losses on investments available-for-sale. Actual results could differ from those estimates.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

2. Significant accounting policies (continued):

(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.

(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) Adoption of accounting standards:

(i) Revisions to Not-for-Profit accounting standards:

Effective April 1, 2009, the Foundation adopted the CICA amendments to the CICA Handbook Section 4400, *Financial Statement Presentation by Not-For-Profit Organizations*, and the CICA Handbook Section 4470, *Disclosure of Allocated Expenses by Not-For-Profit Organizations*.

The amendments remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statements requirements to not-for-profit organizations that prepare interim financial statements, include the requirement to follow the CICA Handbook Section 1540, *Cash Flow Statements*, and present revenues and expenses on a gross basis where the organization is considered the principal of the transactions.

The adoption of these amendments has not had a material impact on these financial statements, except for the requirement to disclose the allocation of certain foundation and administration and public relations and community awareness expenses; and the requirement to present lottery revenues and expenses on a gross basis.

(ii) Future accounting policies:

The Foundation is classified as a not-for-profit organization. The Accounting Standards Board has released an exposure draft relating to the future of financial reporting by not-for-profit organizations. The final standards are expected to be released in 2010. The Foundation is in the process of reviewing the potential impact of the proposals on its reporting framework and financial statements.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

3. Capital assets:

			2010	2009
	Cost	Accumulated depreciation	Net book value	Net book value
Land	\$ 4,547	\$ -	\$ 4,547	\$ 4,727
Buildings	936	61	875	1,004
Computer equipment	283	246	37	55
Office and furniture equipment	126	53	73	82
	\$ 5,892	\$ 360	\$ 5,532	\$ 5,868

A home in Chilliwack that was built and gifted to the Foundation, with a carrying value of \$248,000 in the capital fund, was sold in the current year for proceeds of \$339,000, and a gain on sale of capital assets of \$91,000 was recorded to revenue.

4. Other assets:

Other assets are summarized as follows:

	2010	2009
Life insurance policies	\$ 792	\$ 737
Charitable remainder trusts	460	465
	\$ 1,252	\$ 1,202

5. Investments:

	2010	2009
Short-term deposits, notes and investment certificates	\$ 20,468	\$ 11,749
Bonds	66,067	49,545
Common stocks	64,069	56,491
Other	-	115
	150,604	117,900
Restricted for endowments:		
External	65,277	54,640
Internal	40,501	34,112
	105,778	88,752
	\$ 44,826	\$ 29,148

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

5. Investments (continued):

The yield for 2010, including realized capital gains and losses, was 0.97% (2009 - 2.11%), calculated on the basis of total investment income divided by the sum of the weighted average monthly book value. This yield does not include unrealized capital gains and losses.

The market value of the investments is \$150,604,000 (2009 - \$117,900,000), with an original cost of \$143,046,000 (2009 - \$132,607,000). 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 a loss of approximately \$2,688,000 (2009 - \$1,408,000 loss) as part of investment income. Any unrealized gain or loss related to these investments was previously recorded directly as a change in net assets.

6. Vancouver Foundation:

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, 2010 of approximately \$15,500,000 (2009 - \$13,287,000).

Of this \$15,500,000, approximately \$9,290,000 (2009 - \$7,966,000) relates to the Children's Hospital Foundation Capital Fund. This Fund is administered by a separate 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. During the current fiscal year, the Foundation formalized changes to the constitution of the Capital Fund, such that the members of the Capital Fund Board are the society members of the Foundation. As a result, the Foundation is now deemed to control the Capital Fund and, as such, has included the \$9,290,000 transfer to the Foundation in the financial statements in the current year by recording the amount as income to the endowment fund.

All of the restricted funds, with the exception of the Capital Fund, 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.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

7. Sunny Hill Foundation for Children:

During the year, the Foundation provided supporting grants to Sunny Hill in the amount of \$677,000 (2009 - \$1,051,000).

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

	2010	2009
Financial position:		
Total assets	\$ 10,519	\$ 10,242
Total liabilities	\$ 5,528	\$ 5,712
Fund balances:		
Unrestricted fund	340	271
Endowment fund	4,624	4,358
Internally restricted fund	27	(99)
	4,991	4,530
	\$ 10,519	\$ 10,242
Results of operations:		
Total revenue	\$ 1,395	\$ 1,973
Grants to the Health Centre	(1,304)	(1,433)
Excess (deficiency) of revenue over expenses	91	540
Net assets, beginning of year	4,530	4,580
Repayment (drawdown) of capital at Vancouver Foundation	9	(9)
Change in fair value of investments	361	(581)
Net assets, end of year	\$ 4,991	\$ 4,530

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

8. Due to related parties:

As at March 31, 2010, the Foundation had the following amounts payable to related parties:

	2010	2009
Due to the Health Centre (i)	\$ 57,135	\$ 53,373
Due to Sunny Hill (ii)	9	-
Due to Children's Hospital Foundation Limited (iii)	112	-
Due to Sunshine Fund For Kids and Causes (iv)	1,005	-
	<u>\$ 58,261</u>	<u>\$ 53,373</u>

- (i) As at March 31, 2010, the Foundation owes \$57,135,000 (2009 - \$53,373,000) to the Health Centre. The amount due to the Health Centre consists of costs incurred by the Health Centre of \$7,012,000 (2009 - \$12,358,000), which are to be reimbursed by the Foundation, as well as grants receivable from the Foundation of \$50,123,000 (2009 - \$41,015,000). The \$7,012,000 is non-interest bearing, has no specific repayment terms and arises in the normal course of operations. The \$50,123,000 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 \$729,500 (2009 - \$729,500) 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.

- (ii) Under the operational merger agreement explained in note 1, the Foundation manages the receipt of Sunny Hill's gift revenue. At March 31, 2010, the Foundation owes Sunny Hill \$9,000 for gift revenue processed during the year.
- (iii) 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 amount owing to CHFL of \$112,000 at March 31, 2010 relates to revenues received but not receipted in prior fiscal years by the Foundation on CHFL's behalf.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2010

8. Due to related parties (continued):

(iv) Sunshine Fund for Kids and Causes (SFKC) is incorporated federally under the Canada Corporations Act and is registered as a public foundation under the Canadian 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. The amount owing to SFKC of \$1,005,000 at March 31, 2010 relates to revenue received but not receipted in the current fiscal year by the Foundation on SFKC's behalf.

9. Financial instruments:

The Foundation's financial instruments include cash, accounts receivable, investments, Vancouver Foundation endowment, 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.

10. 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 and invested in capital assets, 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 of Directors.

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

11. Comparative figures:

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