

Financial Statements of

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

Year ended March 31, 2011



KPMG Enterprise™
Metrotower II 2400 – 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca/enterprise

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, 2011, 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, 2011 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 30, 2011

Burnaby, Canada

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

Statement of Financial Position
(in thousands of dollars)

March 31, 2011, with comparative figures for 2010

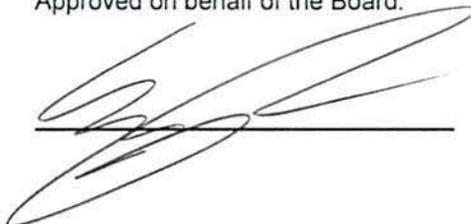
	2011	2010
Assets		
Current assets:		
Cash	\$15,428	\$ 14,620
Accounts receivable (note 7)	1,026	2,265
Prepaid expenses	116	125
	<u>16,570</u>	<u>17,010</u>
Capital assets (note 3)	2,140	5,532
Other assets (note 4)	1,247	1,252
Investments (note 5)	193,122	150,604
Vancouver Foundation capital fund (note 6)	7,258	9,290
	<u>\$ 220,337</u>	<u>\$ 183,688</u>

Liabilities and Net Assets

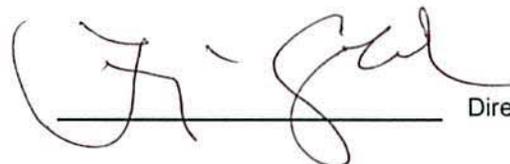
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,207	\$ 4,921
Due to related parties (note 7)	82,174	58,261
Deferred revenue	125	159
	<u>87,506</u>	<u>63,341</u>
Net Assets:		
Unrestricted fund	685	(5,298)
Capital fund	6,267	5,532
Endowment fund	77,266	74,567
Externally restricted fund	1,094	2,796
Internally restricted fund	47,519	42,750
	<u>132,831</u>	<u>120,347</u>
	<u>\$ 220,337</u>	<u>\$ 183,688</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, 2011, with comparative figures for 2010

	Internally restricted funds					Externally restricted fund		Total	
	Unrestricted fund	Internally restricted fund	Capital fund	Endowment fund			2011	2010	
Revenue:									
Fundraising (notes 9 and 10)	\$ 25,804	\$ -	\$ -	\$ 874	\$ 26,228	\$ 52,906	\$ 43,661		
Lottery	-	-	-	-	17,754	17,754	9,497		
Net investment income (note 5)	11,941	-	-	-	-	11,941	1,843		
Gain on sale of capital assets (note 3)	-	-	827	-	-	827	91		
Vancouver Foundation income (note 6)	1,207	-	-	7	177	1,391	465		
	38,952	-	827	881	44,159	84,819	55,557		
Expenses:									
Direct fundraising costs	9,844	-	-	-	-	9,844	8,521		
Foundation administration	4,348	-	111	-	-	4,459	3,462		
Lottery	-	-	-	-	12,961	12,961	6,719		
Public relations and community awareness	1,272	-	-	-	-	1,272	1,270		
	15,464	-	111	-	12,961	28,536	19,972		
Excess of revenue over expenses before grants and contributions and Vancouver Foundation endowment fund									
	23,488	-	716	881	31,198	56,283	35,585		
Transfers:									
Funds provided to:									
Children's and Women's Health									
Centre of British Columbia	(10,267)	-	(61)	-	(36,670)	(46,998)	(35,388)		
Sunshine Fund For Kids & Causes	-	-	-	-	-	-	(1,000)		
Sunny Hill Foundation	(747)	-	-	-	-	(747)	(677)		
	(11,014)	-	(61)	-	(36,670)	(47,745)	(37,065)		
Vancouver Foundation capital funds									
	-	-	-	-	-	-	9,290		
	(11,014)	-	(61)	-	(36,670)	(47,745)	(27,775)		
Excess (deficiency) of revenue over expenses									
	12,474	-	655	881	(5,472)	8,538	7,810		
Net assets, beginning of year									
	(5,298)	42,750	5,532	74,567	2,796	120,347	89,961		
Change in fair value of investment (note 5)									
	-	3,457	-	489	-	3,946	22,576		
Interfund transfer									
	(6,491)	1,312	80	1,329	3,770	-	-		
Net assets, end of year									
	\$ 685	\$ 47,519	\$ 6,267	\$ 77,266	\$ 1,094	\$ 132,831	\$ 120,347		

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, 2011, with comparative figures for 2010

	2011	2010
Cash provided from (used in):		
Operations:		
Excess of revenue over expenses	\$ 8,538	\$ 7,810
Items not involving cash:		
Loss (gain) on sale of investments (note 5)	(7,631)	2,688
Gain on sale of capital assets (note 3)	(827)	(91)
Amortization	112	114
Beneficial interest in life insurance policies and charitable remainder trusts	5	(50)
	197	10,471
Change in non-cash working capital:		
Accounts receivable	1,239	269
Prepaid expenses	9	132
Accounts payable and accrued liabilities	286	172
Due to related parties (note 10)	23,913	4,888
Deferred revenue	(34)	89
	25,610	16,021
Investing:		
Net change in short-term deposits included in investments	(23,205)	(8,355)
Purchases of investments	(125,554)	(61,613)
Proceeds from dispositions of investments	118,454	57,152
Purchase of capital assets	(20)	(26)
Proceeds from disposition of capital assets (note 3)	4,127	339
Vancouver Foundation capital fund (note 6)	1,396	(9,290)
	(24,802)	(21,793)
Increase (decrease) in cash	808	(5,772)
Cash, beginning of year	14,620	20,392
Cash, end of year	\$ 15,428	\$ 14,620
Non-cash transactions:		
Change in fair value of investments credited to net assets	\$ 3,946	\$ (22,576)

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, 2011

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, 2011

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, 2011

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 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, 2011

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, 2011

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 received such contributions of in-kind donations with a fair value of \$689,403 (2010 - \$574,976).

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 available-for-sale investments. 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, 2011

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. Organizations have an option to early adopt these new standards. The Foundation is electing to adopt the Accounting Standards for Not-For-Profit Organizations and is currently determining the impact.

3. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,247	\$ -	\$ 1,247	\$ 4,547
Buildings	937	125	812	875
Computer equipment	252	223	29	37
Office equipment and furniture	126	74	52	73
	\$ 2,562	\$ 422	\$ 2,140	\$ 5,532

Three homes which were originally gifted to the Foundation, with a net book value of \$3,300,000 in the capital fund, were sold in the current year for proceeds of \$4,127,000, and a gain on sale of capital assets of \$827,000 was recorded to revenue in the capital fund.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

4. Other assets:

	2011	2010
Life insurance policies	\$ 787	\$ 792
Charitable remainder trusts	460	460
	\$ 1,247	\$ 1,252

5. Investments:

	2011	2010
Short-term deposits, notes and investment certificates	\$ 41,056	\$ 20,468
Bonds	58,136	66,067
Common stocks	93,930	64,069
	193,122	150,604
Restricted for endowments:		
External, excluding Vancouver Foundation endowment	70,009	65,277
Internal	42,449	40,501
	112,458	105,778
	\$ 80,064	\$ 44,826

The yield for 2011, including realized capital gains and losses, was 8.14% (2010 - 0.97%), 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 capital gains and losses.

The fair value of the investments is \$193,122,000 (2010 - \$150,604,000), with an original cost of \$180,983,000 (2010 - \$143,046,000). 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 gain of approximately \$7,631,000 (2010 - \$2,688,000 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.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

6. Vancouver Foundation investment:

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, 2011 of approximately \$13,745,000 (2010 - \$15,500,000).

Of this \$13,745,000, approximately \$7,258,000 (2010 - \$9,290,000) 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 \$6,487,000 (2010 - \$6,210,000) 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 parties:

The Foundation had the following amounts due to related parties:

	2011	2010
Due to the Health Centre (i)	\$ 82,070	\$ 57,135
Due to Sunny Hill (ii)	-	9
Due to CHFL (iii)	104	112
Due to SFKC (iv)	-	1,005
	<u>\$ 82,174</u>	<u>\$ 58,261</u>

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

7. Related parties (continued):

- (i) As at March 31, 2011, the Foundation owes \$82,070,000 (2010 - \$57,135,000) to the Health Centre. The amount due to the Health Centre consists of costs incurred by the Health Centre of \$13,789,000 (2010 - \$7,012,000), which are to be reimbursed by the Foundation, as well as grants receivable from the Foundation of \$68,281,000 (2010 - \$50,123,000). The \$13,789,000 is non-interest bearing, has no specific repayment terms and arises in the normal course of operations. The \$68,281,000 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 \$866,300 (2010 - \$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. During the year, the Foundation has received donations on behalf of Sunny Hill of \$230,435 (2010 - \$438,870) and has incurred investment management fees on behalf of Sunny Hill of \$17,318 (2010 - \$nil amount). As at March 31, 2011, the net amount receivable from Sunny Hill, included in accounts receivable, is \$1,151 (2010 - net amount payable of \$9,000).
- (iii) As at March 31, 2011, the Foundation owes CHFL \$104,000 (2010 - \$112,000) for gift revenues received by the Foundation not yet remitted to CHFL.
- (iv) As at March 31, 2011, SFKC owes the Foundation \$16,521 for unpaid outstanding grants to the Foundation. This amount is included in accounts receivable. The amount due to SFKC at March 31, 2010 of \$1,005,000 related to donation revenues received by the Foundation not yet remitted to SFKC.

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

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.

	2011	2010
Financial position:		
Total assets	\$ 10,933	\$ 10,519
Total liabilities	\$ 5,344	\$ 5,528
Fund balances:		
Unrestricted fund	208	340
Endowment fund	4,972	4,624
Internally restricted fund	409	27
	5,589	4,991
	\$ 10,933	\$ 10,519
Results of operations and changes in net assets:		
	2011	2010
Revenue	\$ 1,273	\$ 1,395
Expenses	(17)	-
Grants to the Health Centre	(1,340)	(1,304)
Excess (deficiency) of revenue over expenses	(84)	91
Net assets, beginning of year	4,991	4,530
Repayment of capital at Vancouver Foundation	-	9
Change in fair value of investments	682	361
Net assets, end of year	\$ 5,589	\$ 4,991

During the year, the Foundation provided supporting grants to Sunny Hill in the amount of \$747,000 (2010 - \$677,000).

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

9. Children's Hospital Foundation Limited:

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 \$80,000 (2010 - \$nil amount).

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.

	2011	2010
Financial position:		
Total assets	\$ 124	\$ 132
Total liabilities	\$ -	\$ -
Fund balances:		
Unrestricted fund	124	132
	\$ 124	\$ 132
Results of operations and changes in net assets:		
Revenue	\$ 80	\$ -
Expenses	(8)	(6)
Grants to the Foundation	(80)	-
Deficiency of revenue over expenses	(8)	(6)
Net assets, beginning of year	132	138
Net assets, end of year	\$ 124	\$ 132

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

10. Sunshine Fund for Kids and Causes:

Sunshine Fund for Kids and Causes ("SFKC") is 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 by 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, 2011, the Foundation has recognized fundraising revenue of \$15,155 (2010 - \$41,575) relating to grants from SFKC.

During the year, the Foundation provided supporting grants to SFKC in the amount of \$nil amount (2010 - \$1,000,000).

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.

	2011	2010
Financial position:		
Total assets	\$ 1,247	\$ 1,005
Total liabilities	\$ 22	\$ 5
Fund balances:		
Unrestricted fund	13	-
Endowment fund	1,212	1,000
	1,225	1,000
	\$ 1,247	\$ 1,005

BRITISH COLUMBIA'S CHILDREN'S HOSPITAL FOUNDATION

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

Year ended March 31, 2011

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

	2011	2010
Results of operations and changes in net assets:		
Revenue	\$ 135	\$ 1,047
Expenses	(2)	-
Grants to:		
Foundation	(15)	(42)
Other	(5)	(5)
Excess of revenue over expenses	113	1,000
Net assets, beginning of year	1,000	-
Change in fair value of investments	112	-
Net assets, end of year	\$ 1,225	\$ 1,000

11. 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.

12. 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.

13. Comparative figures:

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