

Financial Statements of

**BC CANCER FOUNDATION**

Year ended March 31, 2010



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## AUDITORS' REPORT

To the Members of BC Cancer Foundation

We have audited the statement of financial position of BC Cancer Foundation (the "Foundation") as at March 31, 2010 and the statements of revenue and expenses, 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, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Vancouver, Canada

May 19, 2010

# BC CANCER FOUNDATION

Statement of Financial Position  
(amounts in thousands of dollars)

March 31, 2010, with comparative figures for 2009

|  | Unrestricted<br>fund and<br>invested in<br>capital<br>assets | Restricted<br>Fund | Endowment<br>Fund | Total<br>2010 | Total<br>2009 |
|--|--|--------------------|-------------------|---------------|---------------|
| <b>Assets</b>                                      |  |                    |                   |               |               |
| Current assets:                                    |  |                    |                   |               |               |
| Cash and cash equivalents                          | \$ 3,258   | \$ 29,329          | \$ -              | \$ 32,587     | \$ 30,755     |
| Amounts receivable and prepaids                    | 75   | 396                | -                 | 471           | 363           |
|  | 3,333  | 29,725             | -                 | 33,058        | 31,118        |
| Marketable investments (note 4)                    | 81   | -                  | 20,613            | 20,694        | 16,187        |
| Funds held at the Vancouver<br>Foundation (note 5) | 1,134  | -                  | -                 | 1,134         | 973           |
| Other assets (note 6)                              | 1,144  | 283                | -                 | 1,427         | 1,609         |
| Capital assets (note 7)                            | 118  | -                  | -                 | 118           | 181           |
|  | \$ 5,810   | \$ 30,008          | \$ 20,613         | \$ 56,431     | \$ 50,068     |
| <b>Liabilities and Net Assets</b>                  |  |                    |                   |               |               |
| Current liabilities:                               |  |                    |                   |               |               |
| Accounts payable                                   | \$ 709   | \$ 53              | \$ 23             | \$ 785        | \$ 1,240      |
| Accounts payable -<br>BC Cancer Agency             | 362  | 3,446              | -                 | 3,808         | 5,923         |
|  | 1,071  | 3,499              | 23                | 4,593         | 7,163         |
| Interfund payable (receivable)                     | (1,104)  | 55                 | 1,049             | -             | -             |
| Net Assets:  |  |                    |                   |               |               |
| Unrestricted                                       | 5,725  | -                  | -                 | 5,725         | 3,677         |
| Invested in capital assets                         | 118  | -                  | -                 | 118           | 181           |
| Restricted   | -  | 26,454             | -                 | 26,454        | 23,393        |
| Restricted for endowment                           | -  | -                  | 19,541            | 19,541        | 15,654        |
|  | 5,843  | 26,454             | 19,541            | 51,838        | 42,905        |
| Commitments (note 13)                              |  |                    |                   |               |               |
|  | \$ 5,810   | \$ 30,008          | \$ 20,613         | \$ 56,431     | \$ 50,068     |

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_ Director

  
\_\_\_\_\_ Director

# BC CANCER FOUNDATION

Statement of Revenue and Expenses  
(amounts in thousands of dollars)

Year ended March 31, 2010, with comparative figures for 2009

|   | Unrestricted<br>fund and<br>invested in<br>capital<br>assets | Restricted<br>Fund | Endowment<br>Fund | Total<br>2010   | Total<br>2009     |
|---|--|--------------------|-------------------|-----------------|-------------------|
| Revenue:  |  |                    |                   |                 |                   |
| Fundraising   | \$ 6,399   | \$ 10,317          | \$ 675            | \$ 17,391       | \$ 16,851         |
| Charitable events (note 10)   | 3,691  | 9,071              | -                 | 12,762          | 8,261             |
| Investment income   | 154  | 170                | 560               | 884             | 1,280             |
| Other income  | 113  | 1,539              | -                 | 1,652           | 1,907             |
| <b>Total revenues</b>   | <b>10,357</b>  | <b>21,097</b>      | <b>1,235</b>      | <b>32,689</b>   | <b>28,299</b>     |
| Direct fundraising costs (note 9)   | 4,546  | 6,531              | 89                | 11,166          | 11,384            |
| <b>Net fundraising</b>  | <b>5,811</b>   | <b>14,566</b>      | <b>1,146</b>      | <b>21,523</b>   | <b>16,915</b>     |
| General and administration expenses   | 3,254  | -                  | -                 | 3,254           | 2,773             |
| Excess of revenue over<br>expenses before support<br>of reseach and other inittatives | 2,557  | 14,566             | 1,146             | 18,269          | 14,142            |
| Support provided to BC Cancer Agency  | 395  | 12,405             | -                 | 12,800          | 15,906            |
| <b>Excess (deficiency) of<br/>revenue over expenses</b>                               | <b>\$ 2,162</b>  | <b>\$ 2,161</b>    | <b>\$ 1,146</b>   | <b>\$ 5,469</b> | <b>\$ (1,764)</b> |

See accompanying notes to financial statements.

# BC CANCER FOUNDATION

Statement of Changes in Net Assets  
(amounts in thousands of dollars)

Year ended March 31, 2010, with comparative figures for 2009

|   | Unrestricted<br>fund and<br>invested in<br>capital<br>assets | Restricted<br>Fund | Endowment<br>Fund | Total<br>2010 | Total<br>2009 |
|---|--|--------------------|-------------------|---------------|---------------|
| Balance, beginning of year                        | \$ 3,858   | \$ 23,393          | \$ 15,654         | \$ 42,905     | \$ 26,296     |
| Excess (deficiency) of<br>revenue over expenses   | 2,162  | 2,161              | 1,146             | 5,469         | (1,764)       |
| Sale of land (note 7)                             | -  | -                  | -                 | -             | 22,582        |
| Fair value adjustment in financial<br>instruments | 181  | -                  | 3,283             | 3,464         | (4,209)       |
| Interfund transfers                               | (358)  | 900                | (542)             | -             | -             |
| Balance, end of year                              | \$ 5,843   | \$ 26,454          | \$ 19,541         | \$ 51,838     | \$ 42,905     |

See accompanying notes to financial statements.

# BC CANCER FOUNDATION

Statement of Cash Flows  
(amounts in thousands of dollars)

Year ended March 31, 2010, with comparative figures for 2009

|  | 2010      | 2009       |
|--|-----------|------------|
| Cash provided by (used in):                                    |           |            |
| Operations:  |           |            |
| Excess (deficiency) of revenue over expenses                   | \$ 5,469  | \$ (1,764) |
| Items not involving cash:                                      |           |            |
| Amortization   | 63        | 67         |
| Insurance premiums received                                    | (85)      | (65)       |
| Accretion of other assets                                      | (65)      | (39)       |
| Change in non-cash operating working capital:                  |           |            |
| Amounts receivable and prepaids                                | (108)     | 497        |
| Prepaid event costs  | -         | 1,112      |
| Accounts payable and accrued liabilities                       | (455)     | 202        |
| Accounts payable - BC Cancer Agency                            | (2,115)   | (4,329)    |
| Deferred revenue   | -         | (698)      |
|  | 2,704     | (5,017)    |
| Investments:   |           |            |
| Purchase of investments  | (1,204)   | (1,187)    |
| Proceeds from disposition of land and building (note 7)        | -         | 27,137     |
| Proceeds from other assets                                     | 332       | -          |
| Purchase of capital assets                                     | -         | (32)       |
|  | (872)     | 25,918     |
| Financing:   |           |            |
| Repayment of bank loans  | -         | (11,250)   |
| Increase in cash   | 1,832     | 9,651      |
| Cash, beginning of year  | 30,755    | 21,104     |
| Cash, end of year  | \$ 32,587 | \$ 30,755  |
| Non-cash transactions:   |           |            |
| Unrealized temporary gain (loss) on investments                | \$ 3,464  | \$ (4,209) |
| Gain on sale of land recorded as direct increase to net assets | -         | 22,582     |

See accompanying notes to financial statements.

# BC CANCER FOUNDATION

Notes to Financial Statements  
(amounts in thousands of dollars)

Year ended March 31, 2010

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## 1. Purpose of the Organization:

BC Cancer Foundation (the "Foundation") is incorporated under the Society Act (British Columbia). The Foundation is an independent charitable organization that raises and stewards resources to support breakthrough research and compassionate care through the British Columbia Cancer Agency Branch (the "Agency"), a branch society of the Provincial Health Services Authority.

The Foundation is a charitable organization registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes, under Registration Number 11881 8434 RR 0001. In order to maintain its status as a charitable organization registered under the Act, the Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 2. Operations:

The Foundation has provided funding for the construction and equipping of the BC Cancer Agency Research Centre (the "Research Centre") located in Vancouver and also of a research floor at the BC Cancer Agency Vancouver Island (the Trev & Joyce Deeley Research Centre), which is on property leased by the Agency from a regional health authority.

The Foundation is responsible for fundraising activities and supporting ongoing research for the Agency, which includes the Research Centre, the Trev & Joyce Deeley Research Centre and the BC Cancer Agency's Genome Sciences Centre (GSC), as well as clinical, translational, and outcomes research at all five BC Cancer Agency Centres.

## 3. Significant accounting policies:

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for not-for-profit organizations, following the restricted fund method of accounting for contributions.

### (a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. 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").

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.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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### 3. Significant accounting policies (continued):

(a) Fund accounting (continued):

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

(i) Unrestricted:

The Unrestricted Fund accounts for the Foundation's general fundraising and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes. The Foundation's investments in capital assets are also included in the Unrestricted Fund.

(ii) Restricted:

The Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board. These funds include those which are restricted for use in research, patient care and other designated areas of the Foundation's support grant activities.

(iii) Endowment:

The Endowment Fund includes those funds where either donor or internal restrictions require that the principal be maintained by the Foundation on a permanent basis.

(b) Investment income:

Investment income earned on the Endowment Fund is recognized as revenue of the Restricted Fund or reinvested in the Endowment Fund, as determined by endowment restrictions or decisions of the Board. Investment income earned on the Unrestricted and Restricted Fund is recognized as revenue of the Unrestricted Fund.

(c) Financial instruments:

All financial assets and financial liabilities are initially recognized at fair value. Measurement in subsequent periods is dependent upon the classification of each instrument. All financial assets are classified as either held for trading, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities are classified as either held for trading or other.

Financial assets and financial liabilities held for trading are measured at fair value, with the changes in fair value reported in the statement of revenue and expenses. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held for trade are measured at amortized cost using the effective interest method. Available-for-sale financial assets are measured at fair value with unrealized gains and losses, recognized as changes in net assets until the financial asset is disposed of or becomes impaired.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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### 3. Significant accounting policies (continued):

#### (c) Financial instruments (continued):

The Foundation has elected to defer applying Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3862, *Financial Instruments – Disclosure*, and 3863, *Financial Instruments – Presentation*. Sections 3862 and 3863 place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The Foundation has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861.

The categories of the Foundation's financial assets and liabilities are as follows:

#### *Financial Assets*

##### (i) Held for trading:

Cash – The Foundation has designated cash as held for trading and recorded at fair value.

##### (ii) Available-for-sale:

Marketable investments and funds held at the Vancouver Foundation - Included in marketable investments and funds held at the Vancouver Foundation are short-term deposits, notes and investment certificates, bonds and common stocks that are designated as available-for-sale and recorded at fair value. Realized gains and losses are reflected in the statement of revenue and expenses and fair value adjustments are recorded as a direct increase or decrease to net assets in the statement of changes in net assets.

##### (iii) Loans and receivables:

Amounts receivable are recorded at amortized cost less any impairment losses recognized and approximate their fair values due to the relatively short periods to maturity.

Other assets - Investments in property (note 6) are recorded at fair value at inception and amortized using the effective interest method.

#### *Financial Liabilities*

##### (iv) Other financial liabilities:

Accounts payable - Accounts payable are recorded at amortized cost and approximate their fair value due to relatively short periods to maturity.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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### 3. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the estimated useful lives of the asset as follows:

| Asset                          | Period  |
|--------------------------------|---------|
| Office furniture and equipment | 5 years |

(e) Revenue recognition:

Donations and bequests are recorded when received.

Endowment donations are recognized as revenue in the Endowment Fund. Other restricted donations are recognized as revenue of the Restricted Fund. Unrestricted donations are recognized as revenue of the Unrestricted Fund.

(f) Support grant recognition:

Support grants are recognized when payable.

(g) Contributed goods and services:

Contributed assets, which are transferred to the Foundation, are recognized at their fair market value in the financial statements at the time of acceptance by the Foundation, if determinable.

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(h) Employee future benefits:

The employees of the Foundation are members of a multi-employer defined benefit plans and, accordingly, contributions are expensed as incurred.

(i) General and administration expenses:

All expenses related to general management, marketing and administrative activities, are expensed in the period in which they are incurred. General and administration expenses are not allocated to direct fundraising costs.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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### 3. Significant accounting policies (continued):

(j) Direct fundraising costs:

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

(k) Use of estimates:

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

(l) Adoption of accounting standards:

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

Effective April 1, 2009, the Foundation adopted the amendments to CICA Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations, and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The amendments removed the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, and added a requirement to disclose the allocated fundraising and general support expenses by not-for-profit organizations, a requirement to follow Handbook Section 1540, Cash Flow Statements, and a requirement for revenues and expenses to be recognized and presented at their gross amounts when acting as a principal in transactions. The application of these amendments resulted in the revenues and expenses related to charitable events being recognized and presented on a gross basis in the Statement of Revenues and Expenses.

(ii) Amendments to Section 1000, Financial Statement Concepts:

Effective April 1, 2009, the Foundation adopted the amendments in Section 1000 Financial Statement Concepts. The amendments clarify the relationship between incurring expenditures and creating assets and clarify that items which do not meet the definition of an asset or liability, are not eligible for recognition. The application of the amendments did not have an impact on the financial statements.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

### 3. Significant accounting policies (continued):

#### (iii) Changes in accounting framework :

The Foundation is currently classified as a not-for-profit organization. The AcSB has released an exposure draft that will allow a not-for-profit organization to apply private enterprise standards, including the Section 4400 standards, which provide additional guidance for not-for-profit organizations, or International Financial Reporting Standards.

The AcSB confirmed that existing standards for not-for-profit organizations will remain in effect until the mandatory effective date for adopting the new standards.

The Foundation intends to continue applying the existing not-for-profit standards and is awaiting the finalization of the new not-for-profit standards. Once the new standards are finalized the Foundation will determine the impact of the new standards.

### 4. Marketable investments:

|                           | 2010      | 2009      |
|---------------------------|-----------|-----------|
| Cash and cash equivalents | \$ 830    | \$ 848    |
| Fixed income investments  | 7,768     | 6,850     |
| Equity investments        | 12,096    | 8,489     |
|                           | \$ 20,694 | \$ 16,187 |

Under the Foundation's Investment Policy, the marketable investments of the Endowment Fund are managed on a discretionary basis within the parameters and asset allocation set by the investment committee of the Foundation. The investments are managed by external investment counselors using pooled and mutual fund products and the asset allocation is approximately:

|                           | 2010 | 2009 |
|---------------------------|------|------|
| Cash and cash equivalents | 4%   | 5%   |
| Fixed income investments  | 38%  | 42%  |
| Equity investments        | 58%  | 53%  |

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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#### 4. Marketable investments (continued):

The realized and unrealized returns on the Endowment Fund portfolio for the fiscal year ended March 31, 2010 totaled approximately 27% in 2010 and negative 15% in 2009.

Management has assessed the decline in market value from the original cost of \$22,588 (2009 - \$21,384) as at March 31, 2010 to be temporary and, as such, has recorded the change in fair value on the available-for-sale investments as an adjustment to net assets.

#### 5. Funds held at the Vancouver Foundation:

The fund is administered by the Vancouver Foundation. The Foundation receives the net income generated after deduction of administrative costs. The contributed capital in the fund amounted to \$1,162 at March 31, 2010 (2009 - \$1,148), of which \$747 was contributed by the Foundation and \$415 by the Vancouver Foundation. Under the terms of the agreement, the Foundation is entitled to withdraw all its contributions with the exception of \$10 initially contributed which was expensed in 1981. The fair value of the capital in the fund amounted to \$1,788 at March 31, 2010 (2009 - \$1,535). Accordingly, \$1,134 in fair value, relating to the amount of the fund contributed by the Foundation which can be withdrawn, is presented as an asset on the statement of financial position in the unrestricted fund.

#### 6. Other assets:

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|                            | 2010     | 2009     |
|----------------------------|----------|----------|
| Life insurance policies    | \$ 616   | \$ 531   |
| Charitable Remainder Trust | 66       | 66       |
| Annuities                  | 14       | 14       |
| Investments in property    | 731      | 998      |
|                            | <hr/>    | <hr/>    |
|                            | \$ 1,427 | \$ 1,609 |

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Investments in property consist of the Foundation's interest in and loans receivable related to properties currently occupied by senior scientists. With the exception of a \$150 loan bearing interest at 4% per annum, the loans receivable are interest free and repayable over terms up to 10 years and have been accounted for on an amortized cost basis (note 3(c)(iii)).

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

## 7. Capital assets:

|                                | Cost     | Accumulated<br>amortization | 2010<br>Net book<br>value | 2009<br>Net book<br>value |
|--------------------------------|----------|-----------------------------|---------------------------|---------------------------|
| Office furniture and equipment | \$ 1,430 | \$ 1,312                    | \$ 118                    | \$ 181                    |

On March 31, 2009, the Foundation sold the underlying land and legal title to the Research Centre building for net cash proceeds of \$27,137 which resulted in a gain of \$22,582. As the Agency is considered a related party, the gain was recorded as a direct increase to net assets, in accordance with generally accepted accounting principles for related party transactions. The cash proceeds were used to extinguish the associated mortgage on the property and repayment of certain amounts owing to the Agency.

## 8. Credit facilities:

In 2010, the Foundation has three credit facilities available:

- (i) an operating line of credit for \$1,000, bearing interest at HSBC's prime rate plus 0.5% per annum;
- (ii) a foreign exchange line of credit for \$600 to allow the Foundation to purchase forward exchange contracts up to an aggregate of USD \$1,500 with a maximum maturity of 12 months; and
- (iii) an electronic funds transfer facility of \$100.

No amounts were drawn on these facilities at March 31, 2010 (2009 - nil).

## 9. Direct fundraising costs:

|                                  | 2010      | 2009      |
|----------------------------------|-----------|-----------|
| Charitable event costs (note 10) | \$ 6,691  | \$ 5,320  |
| External fundraising costs       | 1,298     | 2,916     |
| Internal fundraising costs       | 3,177     | 3,148     |
|                                  | \$ 11,166 | \$ 11,384 |

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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## 10. Charitable events:

|                                 | 2010      | 2009     |
|---------------------------------|-----------|----------|
| Charitable event revenues       | \$ 12,762 | \$ 8,261 |
| Charitable event costs (note 9) | 6,691     | 5,320    |
|                                 | \$ 6,071  | \$ 2,941 |

Included in the above amounts are revenues of \$3,507 (2009 - \$2,513) and expenses of \$2,355 (2009 - \$2,197), which have been received and incurred associated with events being held subsequent to year end. The remaining revenues and expenses from these events will be recorded in the financial statements in the year ending March 31, 2011.

## 11. Financial instruments:

The Foundation's financial instruments consist of cash, amounts receivable and prepaids, marketable investments, funds held at the Vancouver Foundation and accounts payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest rate, currency or credit risks from these financial instruments. The Foundation is not subject to externally imposed capital requirements and invests in accordance with its Investment Policy.

## 12. Employee Pension Plan:

The Foundation and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan covers approximately 157,000 active employees, of which approximately 53 are employees of the Foundation.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438,000 for basic pension benefits. The actuary does not attribute portions of the surplus to individual employers. The Foundation paid \$199 for employer contributions to the plan in fiscal 2010 (2009 - \$181). The most recent valuation was December 31, 2009 and the results are not yet available.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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## 13. Commitments:

The Foundation has leased laboratory and office accommodation for the Genome Sciences Centre with annual minimum lease payments as follows:

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|      |    |       |
|------|----|-------|
| 2011 | \$ | 573   |
| 2012 |    | 573   |
| 2013 |    | 516   |
|      | \$ | 1,662 |

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## 14. Affiliated organizations:

The Foundation is affiliated with the Agency and may from time to time receive and maintain funds on behalf of the Agency. The Agency also may from time to time receive and maintain funds on behalf of the Foundation. The Foundation and the Agency have “associated charity status” from Canada Revenue Agency.

The Foundation has established in Washington State, USA, a non profit corporation, Friends of the British Columbia Cancer Foundation, US (“Friends”), which is recognized as a charitable organization under section 501(c)(3) of the U.S. Internal Revenue Service code. Friends is able to provide written substantiation of gifts in order to allow donors to Friends to deduct their donations for U.S. federal income tax purposes. During the year ended March 31, 2010, Friends awarded and paid grants to the Foundation of \$72 (2009 - \$378). At March 31, 2010, Friends has no significant assets or liabilities.

## 15. Capital management and ongoing operations:

The Foundation receives its principal sources of capital through donations, fundraising events, and investment income earned on capital balances and permanent endowment funds. The Foundation defines capital to be net assets, which include endowment funds.

The Foundation’s objective when managing capital is to provide financial support for the Agency and its research centres. In order to achieve this objective, the Foundation seeks, within policies established and reviewed from time to time by the Foundation’s Board, to maximize revenues and contain expenses.

The Foundation’s capital is managed in separate funds, which include: unrestricted, endowment, and restricted for research projects. Unrestricted funds are utilized for operating costs of the Foundation. Under the Foundation’s Cash Distribution Policy and the Relationship Agreement between the Foundation, Agency and Provincial Health Services Authority, any excess may be allocated to the Foundation’s reserves, the restricted fund, or to provide additional support to the Agency.

# BC CANCER FOUNDATION

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

Year ended March 31, 2010

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## **15. Capital management and ongoing operations (continued):**

Endowment funds are those which have been received from donors to provide ongoing support for the Agency through investment returns. Under the Foundation's Investment Policy, the marketable investments of the endowment fund are managed by external independent investment counselors, with asset allocation conducted on a basis considered appropriate for a foundation with the investment objectives of the Foundation.

Restricted funds include funds which have a specific or general restriction as to their use in research, enhancement to patient care and other designated areas of the Foundation's support of the Agency. Of the approximately \$26,400 (2009 - \$23,400) held in restricted funds as at March 31, 2010, approximately \$15,800 (2009 - \$18,400) was specifically restricted as to use and timing of disbursement by donors and/or the Agency. The Foundation's policy is to retain segregated cash balances sufficient to match these fund balances.

The Foundation is not subject to any further specific external capital requirements or restrictions other than those inherent in fulfilling the purposes for which it received funding from donors. The Foundation is not subject to debt covenants.

It is management's opinion and assessment that the Foundation will continue to meet its commitments and obligations, as disclosed in note 13, from its ongoing operations.

## **16. Comparative figures:**

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.