

BC Cancer Foundation Audited Financial Statements

For years ended March 31, 2013 and 2012

Table of Contents

Page 3	A message from the BC Cancer Foundation Chairman of the Board and the President & CEO
Page 4	Financial Highlights – Statement of revenue, expenses and fund balances for the years 2009 through 2013.
Page 8	Management’s Responsibility for Financial Reporting
Page 9	Audited Financial Statements – For years ended March 31, 2013 and 2012

A Message from the BC Cancer Foundation Chairman of the Board and the President & CEO

To our Partners in Discovery,

This year, our donors' investment in the BC Cancer Foundation yielded incredible results, bringing international attention to research happening right here in B.C., expanding the global understanding of cancer and dramatically improving the lives of cancer patients.

This year, 100,622 British Columbians partnered with us to raise \$58 million for innovative research and enhancements to patient care at the BC Cancer Agency.

BC Cancer Foundation donors transform patient care in B.C. and beyond. By providing support that enables researchers to find evidence, our donors give patients and their families a reason to hope and oncologists the courage to say cure.

The world is taking notice of the great things happening in B.C.:

In November, the BC Cancer Foundation was honoured to be selected as one of Canada's top-performing charities by Charity Intelligence (Ci) Canada for providing long-term support for world-leading cancer research programs and enabling donors to make a significant impact with their giving.

In December, BBC News recognized BC Cancer Agency scientists for making one of 2012's most significant contributions to medical science by re-classifying breast cancer as ten distinct diseases, a discovery that will have a meaningful impact on future cancer diagnosis and treatment strategies.

Research and philanthropy are partners in discovery. This partnership strengthens our belief that we can achieve a world free from cancer. On behalf of everyone at the BC Cancer Foundation, thank you for advancing cancer research and enhancements to patient care in British Columbia.



Jess Ketchum
Board Chair



Douglas Nelson
President & CEO

Financial Summary

Financial Highlights

Statement of revenue, expenses and fund balances (in \$thousands)
Extracts from Audited Statements

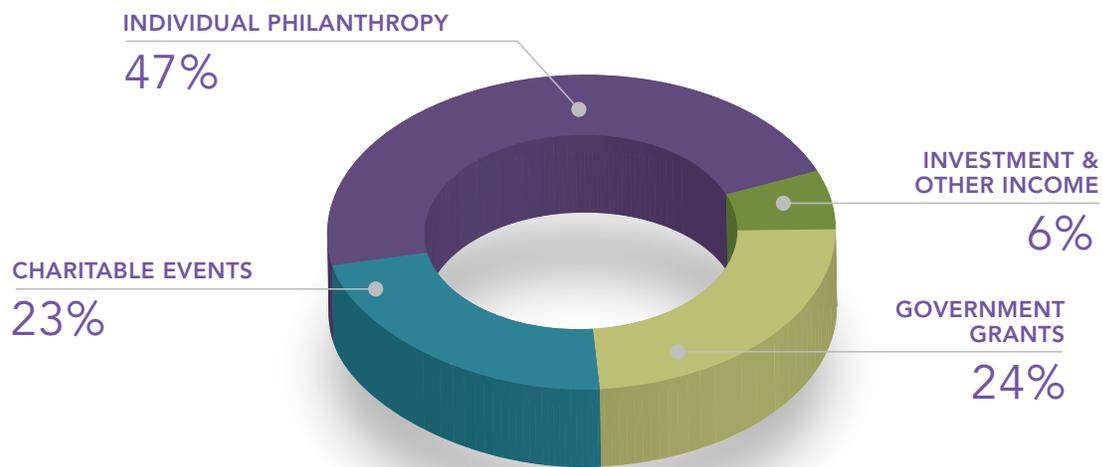
For the years ended March 31,	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
				(Restated*)	
Total Revenues	28,299	32,689	39,257	50,446	57,986
Direct Fundraising Costs	11,384	11,166	10,203	9,935	11,460
Net Fundraising	16,915	21,523	29,054	40,511	46,526
<i>Direct Fundraising Costs/Total Revenues</i>	40%	34%	26%	20%	20%
Foundation Administration	2,097	2,429	2,433	2,581	2,677
Community Awareness & Public Engagement	676	825	1,474	1,626	1,566
Total Expenses	2,773	3,254	3,907	4,207	4,243
<i>Total Expenses/Total Revenues</i>	10%	10%	10%	8%	7%
Excess of revenue over expenses before fair value adjustment on investments and support provided to BCCA	14,142	18,269	25,147	36,304	42,283
Fair Value Adjustment on Investments	-	-	-	(177)	2,519
Total Support provided to BCCA	15,906	12,800	18,599	21,845	19,156
Excess (deficiency) of revenue over expenses	(1,764)	5,469	6,548	14,282	25,646
Fund Balances					
Restricted Fund	23,393	26,454	33,822	39,094	56,131
Endowment Fund	15,654	19,541	22,126	31,105	37,301
Unrestricted Fund	3,858	5,843	4,111	4,142	6,555
Total Capital	42,905	51,838	60,059	74,341	99,987

*Restated to conform to new CICA not-for-profit accounting standards adopted by the BC Cancer Foundation on April 1, 2012.

BC CANCER FOUNDATION RAISES

\$58 million

Through the generosity of our 100,622 donors, the BC Cancer Foundation was able to raise \$58 million, a 15% increase over the prior year.



Source of Total Revenues
\$58 Million

INDIVIDUAL PHILANTHROPY represents all donations received as a result of annual fundraising programs, major gifts and bequests. In 2013 revenues from Individual Philanthropy totalled \$27.0 million.

CHARITABLE EVENTS revenue includes revenues generated primarily from our events The Ride to Conquer Cancer, Underwear Affair and our new event Bust a Move. In 2013 charitable events revenue was \$13.3 million and two new events, Concrete Hero and Road Hockey to Conquer

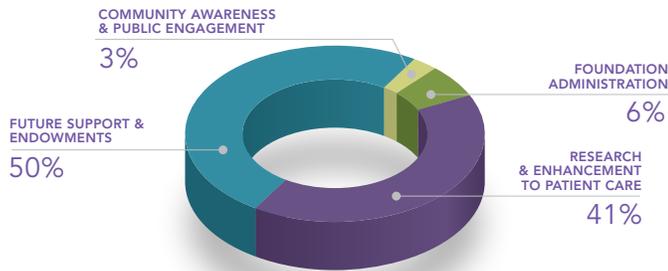
Cancer are coming to Vancouver in September 2013 in support of cancer research.

GOVERNMENT GRANTS of \$13.9 million includes amounts received from affiliated organizations towards innovative research and enhancements to patient care.

INVESTMENT AND OTHER INCOME was \$3.6 million in 2013 and includes realized gains and interest income on restricted fund balances and endowment investments.

In 2013 the Foundation realized an increase of 15% in net fundraising revenue over the prior year.

This was thanks to the increase in total revenues of \$7.5 million. Direct fundraising costs remained constant at 20% of revenues for 2013.



Use of Net Fundraising Revenues
\$46.5 Million

SUPPORT TO THE BC CANCER AGENCY for research and enhancements to patient care totaled \$19.1 million in 2013 compared to \$21.8 million in 2012. The decrease was due primarily to the timing of research funding requirements. Major initiatives and funding programs are discussed in the previous sections of this Donor Report.

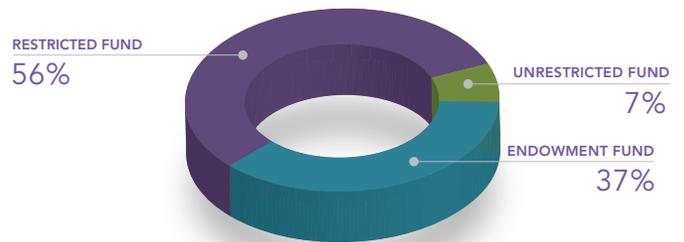
FUTURE SUPPORT & ENDOWMENTS represents funds raised in the current year but held either in endowment funds or restricted funds for future support to the BC Cancer Agency. The increase in endowments was in part thanks to the second cash installment received on the \$21.4 million Jambor-McCarthy Legacy Gift. The Foundation works with the BC Cancer Agency to prioritize strategic projects many which require funding over a multi-year time frame. These funds are held by the Foundation and granted to the BC Cancer Agency over the life-cycle of the projects.

COMMUNITY AWARENESS AND PUBLIC ENGAGEMENT represents the Foundation's investment in brand awareness and communicating the impact of philanthropy on research with the overall goal of enhancing our support to the Agency.

FOUNDATION ADMINISTRATION includes all costs related to general management and administrative activities.

Total capital resources increased to \$100 million in 2013 from \$74.3 million in 2012.

The capital resources of the Foundation represent funds held for the future support of the BC Cancer Agency and amounts to sustain future operations. Total capital resources increased to \$100 million in 2013 from \$74.3 million in 2012.



Total Foundation Capital Resources
\$100 Million

THE RESTRICTED FUND of \$56.1 million 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, enhancements to patient care and other areas of the Foundation's support grant activities. These funds are held by the Foundation and granted to the BC Cancer Agency over the life cycle of the projects, many of which require funding over a multi-year time frame.

THE ENDOWMENT FUND of \$37.3 million includes those funds where either the donor or internal restrictions require that the principal be maintained by the Foundation on a permanent basis. A distribution of income earned is made annually on the recommendation of the Board for spending purposes. Under the Foundation's Investment Policy, the investments of the Endowment Fund are managed by external investment counsellors and monitored by the Investment Committee of the Board.

THE UNRESTRICTED FUND of \$6.6 million accounts for the Foundation's general fundraising and administrative activities. The Unrestricted Fund holds unrestricted resources available for immediate purposes.

Capital Management

The Foundation's primary objective in managing capital is to have sufficient liquid resources to sustain operations and to provide financial support for the BC Cancer Agency. The Foundation manages its capital

resources through the annual planning process, ongoing monitoring of its cash flows and reporting of actual operating results versus plan. 

Governance and Risk Management

The Foundation Board and management have a commitment to strong governance principles, encouraging a culture of transparency and engagement and demonstrating leadership in governance best practices in the not-for-profit sector.

The Foundation's voluntary Board members bring a depth of personal experience and are passionate about the vision and cause of the Foundation. To ensure we preserve the appropriate complement of Board skills,

qualifications and competencies to effectively address the Foundation's evolving needs, we assess directors' skills and the Board's performance every year.

Ultimately, the responsibility of the Board is to oversee the management and operations of the Foundation.

In order to fulfill its oversight obligations, the Board utilizes a comprehensive governance framework which includes an effective committee structure.

Five Board committees assist with the execution of the Board's fiduciary obligations and help to enhance governance:

- The Finance & Audit Committee assists the Board by reviewing the Foundation's financial statements, financial disclosure and internal controls;
- The Investment Committee assists the Board by reviewing the Foundation's investments;
- The Governance & HR Committee assists the Board in fulfilling its governance oversight responsibilities and in overseeing human resources effectiveness, succession planning and compensation programs;
- The Development Committee assists the Board by assisting the Foundation's major gift and engagement activities; and
- The Allocations Committee assists the Board by overseeing the Foundation's grant funding approval processes.

Each Committee has terms of reference outlining its functions and responsibilities and meets regularly during the year in advance of the quarterly Board meetings.

The Board identifies and manages risk by having a clearly articulated and documented risk management process. The Board works closely with management on

identification of strategic priorities and ensures that the Foundation's growth plans are sufficiently supported by an effective risk management infrastructure. This includes the approval of the annual business and strategic plans and ensuring compliance with the Foundation's approved policies and procedures. 

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and the information contained in the report to donors are the responsibility of the management of the BC Cancer Foundation (the "Foundation").

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include, where appropriate, estimates based on the best judgment of management. Financial and operating data elsewhere in the report to donors is consistent with that contained in the accompanying financial statements.

As part of its responsibilities, the Foundation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Foundation's assets are appropriately accounted for and adequately safeguarded.

The Board of the Foundation carries out its responsibilities with regard to the financial statements mainly through its Finance and Audit Committee (the "Committee"). The Committee reviews the annual financial statements and other information contained in the report to donors and recommends them to the Board for approval. The Committee meets periodically with management and the external auditors. Following these meetings, the Committee meets privately with the auditors to ensure free and open discussion of any subject the Committee or the auditors wish to pursue. The Committee also recommends the engagement or re-appointment of the external auditors, reviews the scope of the audit and approves the fees of the external auditors for audit and non-audit services.

The financial statements, audited by KPMG LLP, have been approved by the Board, on the recommendation of the Audit Committee.

June 20, 2013



Douglas Nelson
President & CEO



Luigi Del Gobbo, CA
Vice President & CFO

Financial Statements of

BC CANCER FOUNDATION

Years ended March 31, 2013 and 2012



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

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

INDEPENDENT AUDITORS' REPORT

To the Members of BC Cancer Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of BC Cancer Foundation, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in our audits 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 the BC Cancer Foundation as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

June 5, 2013

Vancouver, Canada

BC CANCER FOUNDATION

Statements of Financial Position
(amounts in thousands of dollars)

March 31, 2013, March 31, 2012 and April 1, 2011

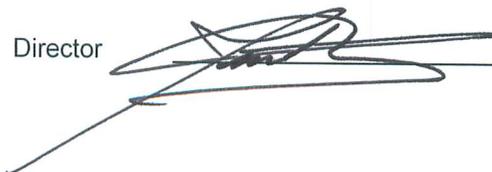
	March 31, 2013 (schedule 1)	March 31, 2012 (schedule 2)	April 1, 2011 (schedule 3)
Assets			
Current assets:			
Cash and cash equivalents	\$ 33,580	\$ 42,210	\$ 36,577
Amounts receivable and prepaids (note 4)	857	461	523
	<u>34,437</u>	<u>42,671</u>	<u>37,100</u>
Investments (note 5)	65,393	32,991	23,839
Funds held at the Vancouver Foundation (note 6)	1,179	1,142	1,181
Other assets (note 7)	3,061	1,618	1,440
Capital assets (note 8)	101	127	106
	<u>\$ 104,171</u>	<u>\$ 78,549</u>	<u>\$ 63,666</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities (note 9)	\$ 1,027	\$ 982	\$ 929
Accounts payable - BC Cancer Agency	3,157	3,226	2,678
	<u>4,184</u>	<u>4,208</u>	<u>3,607</u>
Net assets:			
Unrestricted fund	6,555	4,142	4,111
Restricted fund	56,131	39,094	33,822
Endowment fund	37,301	31,105	22,126
	<u>99,987</u>	<u>74,341</u>	<u>60,059</u>
Commitments (note 15)			
	<u>\$ 104,171</u>	<u>\$ 78,549</u>	<u>\$ 63,666</u>

See accompanying notes and schedules to financial statements.

Approved on behalf of the Board:



Director



Director

BC CANCER FOUNDATION

Statements of Operations
(amounts in thousands of dollars)

Years ended March 31, 2013 and 2012

	Unrestricted Fund	Restricted Fund	Endowment Fund	2013	2012
					(schedule 4)
Revenue:					
Individual philanthropy	\$ 8,643	\$ 15,602	\$ 2,795	\$ 27,040	\$ 27,650
Charitable events (note 12)	2,494	10,896	-	13,390	14,330
Government grants (note 16)	-	13,950	-	13,950	5,151
Investment income	1,102	-	1,138	2,240	1,759
Other income	139	1,227	-	1,366	1,556
Total revenues	12,378	41,675	3,933	57,986	50,446
Direct fundraising costs (note 11)	5,851	5,468	141	11,460	9,935
Net fundraising	6,527	36,207	3,792	46,526	40,511
General and administration expenses:					
Foundation Administration	2,677	-	-	2,677	2,581
Community Awareness & Public Engagement	1,566	-	-	1,566	1,626
	4,243	-	-	4,243	4,207
Excess of revenue over expenses before fair value adjustment on investments	2,284	36,207	3,792	42,283	36,304
Fair value adjustment on investments	94	55	2,370	2,519	(177)
Excess of revenue over expenses before support of research and other initiatives	2,378	36,262	6,162	44,802	36,127
Support provided to BC Cancer Agency	-	19,156	-	19,156	21,845
Excess of revenue over expenses	\$ 2,378	\$ 17,106	\$ 6,162	\$ 25,646	\$ 14,282

See accompanying notes and schedules to financial statements.

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

March 31, 2013	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Balance, beginning of year	\$ 4,142	\$ 39,094	\$ 31,105	\$ 74,341
Excess of revenue over expenses	2,378	17,106	6,162	25,646
Interfund transfers	35	(69)	34	-
Balance, end of year	\$ 6,555	\$ 56,131	\$ 37,301	\$ 99,987

March 31, 2012	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Balance, beginning of year	\$ 4,111	\$ 33,822	\$ 22,126	\$ 60,059
Excess of revenue over expenses	1,130	3,719	9,433	14,282
Interfund transfers	(1,099)	1,553	(454)	-
Balance, end of year	\$ 4,142	\$ 39,094	\$ 31,105	\$ 74,341

See accompanying notes and schedules to financial statements.

BC CANCER FOUNDATION

Statements of Cash Flows
(amounts in thousands of dollars)

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided from (used in):		
Operations:		
Excess of revenue over expenses	\$ 25,646	\$ 14,282
Items not involving cash:		
Amortization	35	52
Change in fair value of investments	(2,519)	177
Charitable remainder trust donated	-	(71)
Asset held-for-sale donated (note 7(a))	(1,500)	-
Accretion of other assets	(243)	(107)
Change in non-cash working capital:		
Amounts receivable and prepaids	(396)	62
Accounts payable and accrued liabilities	45	53
Accounts payable - BC Cancer Agency	(69)	548
	<u>20,999</u>	<u>14,996</u>
Investing:		
Purchase of investments	(30,620)	(10,041)
Proceeds from sale of investments	700	751
Proceeds from other assets	300	-
Purchase of capital assets	(9)	(73)
	<u>(29,629)</u>	<u>(9,363)</u>
Increase (decrease) in cash and cash equivalents	(8,630)	5,633
Cash and cash equivalents, beginning of year	42,210	36,577
Cash and cash equivalents, end of year	<u>\$ 33,580</u>	<u>\$ 42,210</u>

See accompanying notes and schedules to financial statements.

BC CANCER FOUNDATION

Notes to Financial Statements
(amounts in thousands of dollars)

Years ended March 31, 2013 and 2012

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 enhancements to patient care through the British Columbia Cancer Agency Branch (the “Agency”), a branch society of the Provincial Health Services Authority (the “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. The Foundation and the Agency have “associated charity status” from Canada Revenue Agency.

On April 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations in Part III of the Canadian Institute of Chartered Accountants Handbook (“Not-For-Profit Standards”). These are the first financial statements prepared in accordance with Not-for-Profit Standards.

In accordance with the transitional provisions in Not-for-Profit Standards, the Foundation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Not-for-Profit Standards.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses is provided in note 18.

2. Operations:

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

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

3. Significant accounting policies:

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(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 following the restricted fund method of 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.

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, enhancements to 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. A distribution of income earned is made annually on the recommendation of the Foundation's Board for spending purposes.

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

3. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consists of cash and highly liquid investments with terms to maturity of three months or less at the date of acquisition.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

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

Asset	Period
Office furniture and equipment	5 years

(d) 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.

Investment income earned on the Endowment Fund is recognized as revenue of the Endowment Fund. Investment income earned on the Unrestricted and Restricted Funds is recognized as revenue of the Unrestricted Fund.

(e) Support provided to BC Cancer Agency:

Support provided to BC Cancer Agency is recognized when a legal obligation is created.

(f) 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.

(g) Employee future benefits:

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

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

3. Significant accounting policies (continued):

(h) Allocation of expenses:

(i) Direct fundraising costs:

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

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

All expenses, related to general management and administrative activities, are expensed in the unrestricted fund in the period in which they are incurred. All expenses, related to marketing and communication activities of the Foundation, are expensed in the unrestricted fund in the period in which they are incurred as community awareness and public engagement expenses.

Foundation administrative and community awareness and public engagement expenses are not allocated to direct fundraising costs.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation elected to carry all investments at fair value.

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

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

3. Significant accounting policies (continued):

(j) 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. Significant areas requiring the use of management estimates include the valuation of assets held under Other Assets. Actual results could differ from those estimates.

4. Amounts receivable and prepaids:

	March 31, 2013	March 31, 2012	April 1, 2011
Amounts receivable	\$ 780	\$ 448	\$ 483
Prepaid expenses and deposits	77	13	40
	<u>\$ 857</u>	<u>\$ 461</u>	<u>\$ 523</u>

5. Investments:

	March 31, 2013	March 31, 2012	April 1, 2011
Money market funds, measured at fair value	\$ 1,827	\$ 2,542	\$ 814
Fixed income investments, measured at fair value	39,250	11,588	8,962
Equity investments, measured at fair value	24,316	18,861	14,063
	<u>\$ 65,393</u>	<u>\$ 32,991</u>	<u>\$ 23,839</u>

Under the Foundation's Investment Policy the investments are managed on a discretionary basis by the appointed external investment manager. The asset allocations as at year end are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Money market funds	3%	8%	3%
Fixed income investments	60%	35%	38%
Equity investments	37%	57%	59%

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

5. Investments (continued):

The total return on the Endowment Fund portfolio for the fiscal year ended March 31, 2013 was approximately 10.5% (2012 - 3.1%).

The total return on the Restricted Fund portfolio for the year ended March 31, 2013 was approximately 2.89% (2012 - nil).

Investment income earned during the year is comprised of the following:

	2013	2012
Interest and dividends	\$ 2,087	\$ 1,588
Realized net capital gains	153	171
	<u>\$ 2,240</u>	<u>\$ 1,759</u>

The fair value adjustment on investments recorded on the statement of operations represents the unrealized gain (loss) on investments.

6. Funds held at the Vancouver Foundation:

One of the Foundation's funds 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, 2013 (March 31, 2012 - \$1,162; April 1, 2011 - \$1,162), 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 its contributions and proportionate earnings, with the exception of \$10 initially contributed which was expensed in 1981. The fair value of the capital in the fund amounted to \$1,855 at March 31, 2013 (March 31, 2012 - \$1,801; April 1, 2011 - \$1,862); however only, \$1,179 (March 31, 2012 - \$1,142; April 1, 2011 - \$1,181) 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.

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

7. Other assets:

	March 31, 2013	March 31, 2012	April 1, 2011
Assets held-for-sale (a)	\$ 1,500	\$ -	\$ -
Life insurance policies (b)	770	672	606
Investments in properties (c)	653	808	768
Charitable Remainder Trust	138	138	66
	\$ 3,061	\$ 1,618	\$ 1,440

- (a) During the year, the Foundation received a gift-in-kind donation consisting of a residential property which is held-for-sale and recorded at the estimated fair value of \$1,500.
- (b) The Foundation is 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. These policies are irrevocable and are recorded at their estimated present value of the expected ultimate benefits as determined by management using a discounted cash flow approach and valuation assumptions, including mortality and discount rate. Any difference between the carrying value and actual cash received upon the realization of the policy is recognized as revenue and expense in the period of receipt.
- (c) Investments in properties consist of the Foundation's interest in and loans receivable related to properties currently occupied by senior scientists of the Agency. With the exception of a \$150 loan bearing interest at 4% per annum, the loans receivable are interest free and repayable over terms of maturity up to 5 years. The loans are initially recorded at their net present value and accreted to the ultimate loan repayment amount.

8. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 1,565	\$ 1,464	\$ 101
March 31, 2012	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 1,556	\$ 1,429	\$ 127
April 1, 2011	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 1,483	\$ 1,377	\$ 106

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$199 (March 31, 2012 - \$173; April 1, 2011 - \$155), which includes amounts payable for payroll related taxes.

10. Credit facilities:

As at March 31, 2013, the Foundation has three credit facilities available with the HSBC Bank of Canada as follows:

- (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, 2013 (March 31, 2012 - nil; April 1, 2011 - nil).

11. Direct fundraising costs:

	2013	2012
Charitable event costs (note 12)	\$ 5,396	\$ 5,417
External fundraising costs	2,011	1,473
Internal direct fundraising costs	4,053	3,045
	\$ 11,460	\$ 9,935

12. Charitable events:

	2013	2012
Charitable event revenues	\$ 13,390	\$ 14,330
Charitable event costs (note 11)	(5,396)	(5,417)
	\$ 7,994	\$ 8,913

Included in the above amounts are revenues of \$3,767 (2012 - \$4,068) and expenses of \$1,813 (2012 - \$1,817), 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, 2014.

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

13. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2012.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. It is management's opinion that the Foundation is not exposed to significant credit risks. There has been no change to the risk exposures from 2012.

(c) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Foundation is exposed to this type of risk as a result of investments in bonds and money market funds. The risk associated with investments is managed through the Foundation's established Investment Policy.

It is management's opinion that the Foundation is not exposed to significant currency risks.

14. Employee Pension Plan:

The Foundation and its employees contribute to the Municipal Pension Plan ("Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has approximately 163,000 active members and approximately 60,000 retired members. Active members include approximately 59 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, 2009, indicated an unfunded liability of approximately \$1,024 million for basic pension benefits. The next required valuation will be as at December 31, 2012, with results available in the latter half of 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The Foundation paid \$351 for employer contributions to the plan in fiscal 2013 (2012 - \$227).

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

15. Commitments:

The Foundation has leased laboratory and office accommodation for the Genome Sciences Centre with remaining annual minimum lease payments of \$516 due in fiscal 2014.

16. Affiliated organizations:

- (a) The Foundation receives certain administrative services from the Authority, including the use of accounting systems, payroll and benefit administration, housekeeping and information technology support. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.
- (b) 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 are 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. Donated funds raised by Friends are contributed to the Foundation. The Foundation does not account for Friends in these financial statements. As at March 31, 2013, March 31, 2012 and April 1, 2011, Friends had no significant assets or liabilities.
- (c) Amounts owing to the Agency arise from unpaid grants as at year end and are non-interest bearing.

During the year, the Foundation received grants of \$13,982 (2012 - \$3,014) from the above affiliated organizations.

17. Related party transactions:

The Foundation from time to time receives donation contributions from its employees and board members which are recognized in accordance with the Foundation's accounting policies over donations and contributions.

During the year, the Foundation incurred investment management expenses with parties with which certain members of its Board are associated. Transactions involving the Foundation and these parties for the year amounted to \$32 (2012 - nil). These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

BC CANCER FOUNDATION

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

Years ended March 31, 2013 and 2012

18. Transitional adjustments:

(a) Net assets:

There were no adjustments to net assets as at April 1, 2011 as a result of the transition to Not-for-Profit Standards.

(b) Excess of revenue over expenses:

The Foundation elected to carry all investments at fair value. As a result of this election and the retrospective application of Not-for-Profit Standards, the Foundation recorded the following adjustments to excess of revenue over expenses for the year ended March 31, 2012:

Excess of revenue over expenses:	
As previously reported under Canadian generally accepted accounting principles for year ended March 31, 2012	\$ 14,459
Fair value adjustment on investments, previously recorded through net assets	(177)
Adjusted for the year ended March 31, 2012	\$ 14,282

(c) Cash flow statement:

There were no adjustments to aggregate cash flow from operations, financing, or investing for the year ended March 31, 2012 as a result of the transition to Not-for-Profit Standards.

BC CANCER FOUNDATION

Schedule 1 - Statement of Financial Position as at March 31, 2013
(amounts in thousands of dollars)

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total March 31, 2013
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,342	\$ 30,148	\$ 90	\$ 33,580
Amounts receivable and prepaids (note 4)	522	335	-	857
	3,864	30,483	90	34,437
Investments (note 5)	87	25,741	39,565	65,393
Funds held at the Vancouver Foundation (note 6)	1,179	-	-	1,179
Other assets (note 7)	2,744	317	-	3,061
Capital assets (note 8)	101	-	-	101
	\$ 7,975	\$ 56,541	\$ 39,655	\$ 104,171
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 9)	\$ 823	\$ 204	\$ -	\$ 1,027
Accounts payable - BC Cancer Agency	48	3,109	-	3,157
	871	3,313	-	4,184
Interfund payable (receivable)	549	(2,903)	2,354	-
Net assets:				
Unrestricted fund	6,555	-	-	6,555
Restricted fund	-	56,131	-	56,131
Endowment fund	-	-	37,301	37,301
	6,555	56,131	37,301	99,987
	\$ 7,975	\$ 56,541	\$ 39,655	\$ 104,171

BC CANCER FOUNDATION

Schedule 2 - Statement of Financial Position as at March 31, 2012
(amounts in thousands of dollars)

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total March 31, 2012
Assets				
Current assets:				
Cash and cash equivalents	\$ 4,061	\$ 38,063	\$ 86	\$ 42,210
Amounts receivable and prepaids (note 4)	146	315	-	461
	4,207	38,378	86	42,671
Investments (note 5)	257	-	32,734	32,991
Funds held at the Vancouver Foundation (note 6)	1,142	-	-	1,142
Other assets (note 7)	1,313	305	-	1,618
Capital assets (note 8)	127	-	-	127
	\$ 7,046	\$ 38,683	\$ 32,820	\$ 78,549
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 9)	\$ 782	\$ 200	\$ -	\$ 982
Accounts payable - BC Cancer Agency	385	2,841	-	3,226
	1,167	3,041	-	4,208
Interfund payable (receivable)	1,737	(3,452)	1,715	-
Net assets:				
Unrestricted fund	4,142	-	-	4,142
Restricted fund	-	39,094	-	39,094
Endowment fund	-	-	31,105	31,105
	4,142	39,094	31,105	74,341
	\$ 7,046	\$ 38,683	\$ 32,820	\$ 78,549

BC CANCER FOUNDATION

Schedule 3 - Statement of Financial Position as at April 1, 2011
(amounts in thousands of dollars)

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total April 1, 2011
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,762	\$ 33,815	\$ -	\$ 36,577
Amounts receivable and prepaids (note 4)	165	358	-	523
	2,927	34,173	-	37,100
Investments (note 5)	108	-	23,731	23,839
Funds held at the Vancouver Foundation (note 6)	1,181	-	-	1,181
Other assets (note 7)	1,146	294	-	1,440
Capital assets (note 8)	106	-	-	106
	\$ 5,468	\$ 34,467	\$ 23,731	\$ 63,666
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities (note 9)	\$ 829	\$ 100	\$ -	\$ 929
Accounts payable - BC Cancer Agency	639	2,039	-	2,678
	1,468	2,139	-	3,607
Interfund payable (receivable)	(111)	(1,494)	1,605	-
Net assets:				
Unrestricted fund	4,111	-	-	4,111
Restricted fund	-	33,822	-	33,822
Restricted for endowment fund	-	-	22,126	22,126
	4,111	33,822	22,126	60,059
	\$ 5,468	\$ 34,467	\$ 23,731	\$ 63,666

BC CANCER FOUNDATION

Schedule 4 - Statements of Operations for the year ended March 31, 2012
(amounts in thousands of dollars)

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2012
Revenue:				
Individual philanthropy	\$ 6,854	\$ 12,265	\$ 8,531	\$ 27,650
Charitable events (note 12)	3,048	11,282	-	14,330
Government grants (note 16)	-	5,151	-	5,151
Investment income	602	-	1,157	1,759
Other income	29	1,527	-	1,556
Total revenues	10,533	30,225	9,688	50,446
Direct fundraising costs (note 11)	4,894	4,919	122	9,935
Net fundraising	5,639	25,306	9,566	40,511
General and administration expenses:				
Foundation Administration	2,581	-	-	2,581
Community Awareness & Public Engagement	1,626	-	-	1,626
	4,207	-	-	4,207
Excess of revenue over expenses before fair value adjustment on investments	1,432	25,306	9,566	36,304
Fair value adjustment on investments	(44)	-	(133)	(177)
Excess of revenue over expenses before support of reseach and other inittatives	1,388	25,306	9,433	36,127
Support provided to BC Cancer Agency	258	21,587	-	21,845
Excess of revenue over expenses	\$ 1,130	\$ 3,719	\$ 9,433	\$ 14,282