

Financial Statements of

VGH & UBC HOSPITAL FOUNDATION

Years ended March 31, 2013 and 2012



KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

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

INDEPENDENT AUDITORS' REPORT

To the Members of the
VGH & UBC Hospital Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of VGH & UBC Hospital Foundation, which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and fund balances 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 the audits 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 opinions.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of VGH & UBC Hospital 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.

KPMG LLP

Chartered Accountants

June 26, 2013

Burnaby, Canada

VGH & UBC HOSPITAL FOUNDATION

Statements of Financial Position

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

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash and cash equivalents	\$ 17,335,744	\$ 20,582,455	\$ 28,896,134
Portfolio investments (note 4)	77,402,007	53,829,213	31,780,245
Accounts receivable (note 5)	1,420,052	1,148,871	812,617
Prize homes	1,582,874	1,639,450	2,084,960
	<u>97,740,677</u>	<u>77,199,989</u>	<u>63,573,958</u>
Long-term accounts receivable and other	12,750	17,750	32,750
Capital assets (note 6)	130,120	174,984	264,194
Restricted cash and cash equivalents	5,699,022	5,375,533	11,308,617
Donated assets	3,073,689	2,733,031	2,263,856
Vancouver Foundation investments	388,998	378,575	385,482
Endowment investments (note 4)	56,562,154	52,273,336	50,903,103
	<u>\$ 163,607,410</u>	<u>\$ 138,153,198</u>	<u>\$ 128,731,958</u>

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued liabilities	\$ 3,090,883	\$ 1,319,967	\$ 1,124,627
Deferred revenue	-	272,353	125,690
Due to Vancouver Coastal Health Authority (note 8)	6,659,555	2,904,118	5,441,905
	<u>9,750,438</u>	<u>4,496,438</u>	<u>6,692,222</u>

Fund Balances:

General Fund:

Invested in capital assets	130,120	174,984	264,194
Vancouver Foundation Endowment Fund	388,998	378,575	385,482
Unrestricted	17,013,453	12,941,825	9,828,799
	<u>17,532,571</u>	<u>13,495,384</u>	<u>10,478,475</u>


Restricted Funds:

Endowment (note 7)	56,562,154	52,273,336	50,903,103
Specific Purpose	79,762,247	67,888,040	60,658,158
	<u>136,324,401</u>	<u>120,161,376</u>	<u>111,561,261</u>
	<u>153,856,972</u>	<u>133,656,760</u>	<u>122,039,736</u>

\$ 163,607,410 \$ 138,153,198 \$ 128,731,958

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

VGH & UBC HOSPITAL FOUNDATION

Statements of Operations and Fund Balances

Years ended March 31, 2013 and 2012

	General Fund		Restricted Funds - Endowment		Restricted Funds - Specific Purpose		Total		
	2013	2012	2013	2012	2013	2012	2013	2012	
Revenue:									
Donations	\$ 3,197,315	\$ 2,375,582	\$ 1,803,942	\$ 1,269,562	\$ 25,592,302	\$ 23,462,399	\$ 30,593,559	\$ 27,107,543	
Lotteries	-	-	-	-	19,016,697	16,187,077	19,016,697	16,187,077	
Other fundraising	1,144,857	863,513	-	-	1,157,043	1,507,049	2,301,900	2,370,562	
Portfolio investment income (loss)	1,951,778	1,643,847	(3,060)	393	1,876,063	1,843,626	3,824,781	3,487,866	
Gain on sale of property	-	83,940	-	-	-	-	-	83,940	
Other income	60,248	26,092	-	-	2,373,848	6,044,050	2,434,096	6,070,142	
Parkade Trust income (note 9)	1,552,873	1,448,890	-	-	26,198	-	1,579,071	1,448,890	
Administrative fees - specific funds	1,098,841	887,495	-	-	(1,098,841)	(887,495)	-	-	
Administrative fees - events and donations	1,691,832	2,100,372	-	-	-	-	1,691,832	2,100,372	
	10,697,744	9,429,731	1,800,882	1,269,955	48,943,310	48,156,706	61,441,936	58,856,392	
Expenses:									
Administrative costs									
Salaries and benefits	5,483,740	4,594,315	-	-	-	-	5,483,740	4,594,315	
Amortization	97,953	99,787	-	-	-	-	97,953	99,787	
Other costs	1,939,260	1,521,630	-	-	-	-	1,939,260	1,521,630	
	7,520,953	6,215,732	-	-	-	-	7,520,953	6,215,732	
Lotteries - prizes and administration	-	-	-	-	15,139,752	13,253,982	15,139,752	13,253,982	
Other fundraising costs	366,096	356,685	-	-	133,814	254,591	499,910	611,276	
Grants to Vancouver Coastal Health Authority:									
Equipment	379,251	300,000	-	-	7,995,076	12,762,131	8,374,327	13,062,131	
Education, research, patient care and other	204,404	343,970	-	-	13,903,294	14,682,980	14,107,698	15,026,950	
	8,470,704	7,216,387	-	-	37,171,936	40,953,684	45,642,640	48,170,071	
Excess of revenue over expenses									
before change in fair value of investments	2,227,040	2,213,344	1,800,882	1,269,955	11,771,374	7,203,022	15,799,296	10,686,321	
Change in fair value of investments (note 2(b))									
	1,470,909	(9,236)	2,930,007	(328,642)	-	1,268,581	4,400,916	930,703	
Excess of revenue over expenses									
	3,697,949	2,204,108	4,730,889	941,313	11,771,374	8,471,603	20,200,212	11,617,024	
Interfund transfers (note 3)									
	339,238	812,801	(442,071)	428,920	102,833	(1,241,721)	-	-	
Net increase in fund balances									
	4,037,187	3,016,909	4,288,818	1,370,233	11,874,207	7,229,882	20,200,212	11,617,024	
Fund balances, beginning of year									
	13,495,384	10,478,475	52,273,336	50,903,103	67,888,040	60,658,158	133,656,760	122,039,736	
Fund balances, end of year									
	\$ 17,532,571	\$ 13,495,384	\$ 56,562,154	\$ 52,273,336	\$ 79,762,247	\$ 67,888,040	\$ 153,856,972	\$ 133,656,760	

See accompanying notes to financial statements.

VGH & UBC HOSPITAL FOUNDATION

Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2011
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 20,200,212	\$ 11,617,024
Items not involving cash:		
Change in fair value of investments	(4,400,916)	(930,703)
Amortization	97,953	99,787
Donated assets	(340,658)	(469,175)
Loss (gain) on disposal of investments	(140,332)	96,270
Gain on sale of prize home	-	(83,940)
Management fees on investments	327,877	279,472
Receipt of investments as donations	(2,940,747)	(4,908,541)
	12,803,389	5,700,194
Proceeds on sale of prize home	-	1,939,346
Purchase of prize home	-	(1,409,895)
Cost in prize home expensed	56,576	-
	12,859,965	6,229,645
Long-term accounts receivable and other	5,000	15,000
Net change in non-cash operating items	4,982,819	(2,533,075)
	17,847,784	3,711,570
Investments:		
Reinvestment of income	(3,163,702)	(3,006,681)
Proceeds on sale of investments	2,940,747	4,908,541
Purchase of investments	(20,496,000)	(19,849,616)
Change in restricted cash and cash equivalents	(322,451)	5,933,084
Purchase of capital assets	(53,089)	(10,577)
	(21,094,495)	(12,025,249)
Decrease in cash and cash equivalents	(3,246,711)	(8,313,679)
Cash and cash equivalents, beginning of year	20,582,455	28,896,134
Cash and cash equivalents, end of year	\$ 17,335,744	\$ 20,582,455

See accompanying notes to financial statements.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

1. Organization:

The VGH & UBC Hospital Foundation (the "Foundation") was incorporated in 1980 under the Society Act (British Columbia). Its principal purpose is to raise funds for furthering the interests and objectives of Vancouver Acute (Vancouver General Hospital, UBC Hospital, GF Strong Rehab Centre, Vancouver Coastal Health Research Institute and related Health Care operations) (the "Hospital"), a component of Vancouver Coastal Health Authority ("VCHA"), in its mission of patient care, teaching and research.

On April 1, 2011, the Foundation adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook ("Part III"). These are the first financial statements prepared in accordance with Part III.

In accordance with the transitional provisions in Part III, the Foundation has adopted the changes retrospectively. The Foundation did not make use of any of the exemptions allowed under the standards for first time adoption of Part III. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Part III.

There were no changes to the statement of financial position at April 1, 2011 resulting from the transition to the Part III.

A summary of transitional adjustments recorded to net assets and excess of revenue over expenses is provided in note 11.

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Standards in Part III of the CICA Handbook and include the following significant accounting policies:

(a) Revenue recognition and fund accounting:

The Foundation follows the restricted fund method of accounting for contributions, thereby recognizing restrictions specified by donors on the use of resources, including contributions and restricted investment income. The fund classifications are:

(i) General Fund:

Donations not specifically designated by donors, unrestricted investment income, investment income on specific purpose funds, current fundraising event proceeds, administrative fees charged to restricted gifts and events, and amounts held by the Vancouver Foundation but available for withdrawal (note 2(a)(ii)), are allocated to the General Fund. Administrative costs pertaining to the Foundation are primarily funded through the General Fund, with the remainder financed through investment income of certain Specific Purpose Funds.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(ii) Vancouver Foundation - Endowment Fund:

Under an agreement with the Vancouver Foundation, an Endowment Fund, managed by the Vancouver Foundation, was established in 1981. The original \$475,100 capital of the Vancouver Foundation Endowment Fund consists of \$270,000 contributed by the Foundation, \$200,000 contributed by the Vancouver Foundation and \$5,100 received from other contributors. Subsequent to the initial capital, \$12,050 has been received from other contributors.

The Vancouver Foundation Endowment Fund is invested in the Vancouver Foundation's pooled investment balanced fund. At March 31, 2013, the fund held 43,064.33 units (March 31, 2012 - 42,678; April 1, 2011 - 41,971 units) in this pooled fund with a market value of \$715,376 (March 31, 2012 - \$682,939; April 1, 2011 - \$688,361), of which \$388,998 (March 31, 2012 - \$378,575; April 1, 2011 - \$385,482) is available for withdrawal by the Foundation. Any income distributed from the fund is recognized as investment income in the General Fund.

The rights of withdrawal from this Fund, in any particular year, are restricted to 20% of the units representing the portion of the fund's balance accumulated through the Foundation's contributions, provided such contributions have been a part of the fund for at least 10 years. The amount contributed by the Vancouver Foundation is not available to be withdrawn by the Foundation. Currently, all amounts in this endowment fund contributed by the Foundation have been held for the minimum ten-year period and are thus eligible for withdrawal at 20% per year. However, of the initial capital contribution made by the Foundation, \$10,000 is excluded from the amount subject to withdrawal as it is to be retained permanently by the Vancouver Foundation. No withdrawals have been made as of March 31, 2013.

(iii) Restricted Funds:

Restricted Funds relate to research, patient care, education, equipment and facility initiatives. Specific Purpose Funds represent funds specifically designated by donors, current fundraising event proceeds, as well as restricted investment income earned on Endowment Funds.

Contributions of irrevocable charitable remainder trusts are recognized as revenue in Specific Purpose Funds - Other in the year of the contribution, at their fair value as determined by an actuary. In subsequent years, they are recorded at amortized cost which approximates fair value.

Administration fees charged to restricted gifts and events are recorded at the time the related gifts are received or at the time the event has been completed.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(iii) Restricted Funds (continued):

Endowment Funds represent funds that are permanently restricted either by the donor or internally by the Foundation; encroachment of capital can only occur in accordance with the endowment agreement or Board policy, as applicable.

Contributions for endowment are recognized as revenue in the endowment funds.

(iv) Accrual basis:

The accrual basis of accounting is used for reporting revenue, except for donations, which are generally recorded on a cash basis. Donations are accrued only when a realizable value can be reasonably estimated and collection is reasonably assured.

(v) Deferred revenue:

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

(b) 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 has not elected to carry any such financial instruments 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 straight-line method.

Financial assets recorded at cost or amortized cost 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.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents and restricted cash and cash equivalents consist of cash and highly liquid investments, such as treasury bills and term deposits, with major financial institutions that are readily convertible to contracted amounts of cash and with maturities at the date of acquisition of less than three months. Restricted cash and cash equivalents are comprised of funds earned under lottery licenses issued by the BC Gaming Commission to be used for specific purposes.

(d) Long-term receivable and other:

Long-term receivable and other consists of the long-term portion of donated bonds with maturing beyond the subsequent fiscal year. Long-term receivable and other are recorded at amortized cost, which approximate fair value.

(e) Capital assets:

Capital assets, consisting of equipment and office renovations, are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful life. Computer equipment is depreciated over four years to match the Foundation's internal replacement schedule. Other equipment is amortized over five years.

(f) Donated assets:

Donated assets consist of donated artwork and other non-depreciable property. Donated assets are recorded at the appraised value at the date of receipt and are not depreciated. Donated artwork is used for display throughout the hospital to enhance the environment for the benefit of patients, their families, staff and visitors.

(g) Contributed services:

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

(h) Income taxes:

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

(i) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

3. Interfund transfers:

The Foundation receives gifts and bequests for which the intended purpose of the donor may not be known at the time of the gift. These amounts are initially recorded as revenue in the Restricted Funds – Specific Purpose. Such contributions that are ultimately determined to be unrestricted are transferred to the General Fund unless restricted by the Foundation's Board.

4. Investments:

Investments are comprised of the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Canadian money market funds	\$ 21,756,819	\$ 12,243,485	\$ 5,186,967
Canadian bond funds	63,291,664	52,770,989	40,761,349
Canadian equity funds	25,446,682	20,954,579	19,563,187
Global equity funds	23,468,996	20,133,496	17,171,845
Endowment investments (note 7)	(56,562,154)	(52,273,336)	(50,903,103)
Portfolio investments	\$ 77,402,007	\$ 53,829,213	\$ 31,780,245

As at March 31, 2013, the Foundation has recorded in its portfolio investments, a Guaranteed Investment Certificate in the amount of \$4,450,000, to comply with the requirements of the Ministry of Public Safety and Solicitor General, Gaming Policy and Enforcement Branch, for the purchase of prizes, for upcoming lotteries.

5. Accounts receivable:

	March 31, 2013	March 31, 2012	April 1, 2011
Current:			
Parkade Trust (note 9)	\$ 509,517	\$ 495,669	\$ 377,035
Goods and Services and Harmonized Sales Tax Rebate	656,354	555,588	435,318
Other	254,181	97,614	264
Total	\$ 1,420,052	\$ 1,148,871	\$ 812,617

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

6. Capital assets and net assets invested in capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Equipment	\$ 69,707	\$ 69,707	\$ -
Furniture and fixtures	323,274	247,463	75,811
Computer equipment	266,141	211,832	54,309
	\$ 659,122	\$ 529,002	\$ 130,120

March 31, 2012	Cost	Accumulated amortization	Net book value
Equipment	\$ 69,707	\$ 69,707	\$ -
Furniture and fixtures	321,464	181,305	140,159
Computer equipment	206,059	171,234	34,825
	\$ 597,230	\$ 422,246	\$ 174,984

April 1, 2011	Cost	Accumulated amortization	Net book value
Equipment	\$ 69,707	\$ 64,387	\$ 5,320
Furniture and fixtures	320,427	115,077	205,350
Computer equipment	205,472	151,948	53,524
	\$ 595,606	\$ 331,412	\$ 264,194

Changes in net assets invested in capital assets are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Opening balance	\$ 174,984	\$ 264,194	\$ 356,789
Amortization	(97,953)	(99,787)	(92,595)
Additions	53,089	10,577	-
Closing balance	\$ 130,120	\$ 174,984	\$ 264,194

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

7. Endowment funds:

The Foundation holds several endowment funds for purposes as outlined below:

	March 31, 2013	March 31, 2012	April 1, 2011
Specific Purpose (note 2(a)(iii)):			
Education	\$ 3,120,668	\$ 3,108,210	\$ 3,370,417
Equipment	128,929	129,155	140,434
Patient care	244,774	243,850	262,024
Research	40,600,821	43,490,046	41,595,640
Other	12,466,962	5,302,075	5,534,588
	<u>\$ 56,562,154</u>	<u>\$ 52,273,336</u>	<u>\$ 50,903,103</u>

8. Due to Vancouver Coastal Health Authority:

The amount due to VCHA represents unpaid contributions to VCHA to be paid in the subsequent fiscal year. The amount is without interest or specific terms of maturity.

9. VGH Parkade Trust:

VGH Parkade Trust (the "Trust") was created by agreement between the Vancouver General Hospital (the "Hospital") and the Foundation. The Trust holds the beneficial interest in VGH's parking lot facility and owns 100% of the shares of VGH Gift Shop Ltd. (the "Gift Shop"). The bare trustee of the Trust is 578583 B.C. Ltd., a corporation in which the Foundation has a controlling interest. The Trust distributes the net revenue from VGH's parking lot facility to the general fund and net revenue from the Gift Shop to the Specific Purpose Funds - Other. The assets, liabilities, revenue and expenses of the Trust are not included in these financial statements. As at March 31, 2013, \$509,517 receivable from the Trust (March 31, 2012 - \$495,669; April 1, 2011 - \$377,035) is included in accounts receivable (note 5).

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

9. VGH Parkade Trust (continued):

The Trust's financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and results of operations for the years ended March 31, 2013 and 2012 are as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Total assets	\$ 6,051,045	\$ 6,205,784	\$ 6,286,684
Total liabilities	5,541,529	5,725,596	5,935,381
Net assets	\$ 509,516	\$ 480,188	\$ 351,303
Statement of operations:			
Total revenue	\$ 2,929,891	\$ 2,784,848	
Total expenses	1,350,820	1,335,958	
Net earnings to distribute to the Foundation	\$ 1,579,071	\$ 1,448,890	

10. Related party transactions:

The Foundation receives administrative support from VCHA without charge. In addition, the Foundation's administrative offices are located in facilities owned by VCHA. No amounts are charged for premises rent. The value of these services and rentals is not included in these financial statements.

During the year, the directors and officers of the organization made donations totaling \$592,852 to the Foundation.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

11. Transitional adjustments on adoption of Part III:

(a) Net assets:

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

(b) Excess of revenue over expenses:

The following table summarizes the impact of the transition to Canadian Accounting Standards for Not-For-Profit Organizations on the Foundation's 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 the year ended March 31, 2012	\$ 10,686,321
Change in fair value of investments included in the determination of excess of revenue over expenses	930,703
Restated, March 31, 2012	\$ 11,617,024

This amount was previously recorded as an adjustment in the Statement of Changes in Net Assets. There was no impact on the ending balance of net assets as of March 31, 2012.

12. 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 accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance of doubtful accounts.

VGH & UBC HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

12. Financial risks and concentration of credit risk (continued):

(c) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed interest rate investments. Fixed-interest instruments subject the Foundation to a fair value risk. There has been no change to the risk exposure from 2012.

The Foundation believes that it is not exposed to currency or cash flow risk arising from its financial instruments.

13. Comparative figures:

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