

**BRITISH COLUMBIA HEALTH RESEARCH  
FOUNDATION  
FINANCIAL STATEMENTS  
For the year ended March 31, 2002**

**British Columbia Health Research Foundation  
Financial Statements  
For the year ended March 31, 2002**  
(Unaudited – Prepared by Management)

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**British Columbia Health Research Foundation**  
**Statement of Financial Position**  
**As at March 31**  
(Uaudited – Prepared by Management)

	<b>2002</b>	<b>2001</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 297,500	\$ 34,110
Short term investments	3,989,974	5,417,970
Accounts receivable	-	7,731
Prepaid expenses	-	93,556
	<b>4,287,474</b>	5,553,367
<b>Capital (Note 1)</b>	-	31,063
	<b>\$ 4,287,474</b>	\$ 5,584,430
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	\$ 16,000	\$ 15,853
Grants payable	58,389	1,228,908
Deferred contributions (Note 2)	172,967	172,967
Funds held for the Coalition for Health Research	-	59,168
	<b>247,356</b>	1,476,896
<b>Net assets</b>		
Share capital		
Authorized and issued 1 share with a par value of \$100	100	100
Net assets invested in capital assets	-	31,063
Net assets restricted for Endowment purposes (Note 3)	3,775,740	3,727,443
Net assets internally restricted for health technology	260,345	260,345
assessment purpose (Note 4)		
Unrestricted net assets	<b>3,933</b>	88,583
	<b>4,040,118</b>	4,107,534
	<b>\$ 4,287,474</b>	\$ 5,584,430

Approved on behalf of the Board:

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

**British Columbia Health Research Foundation**  
**Statement of Operations**  
**For the year ended March 31**  
(Uunaudited – Prepared by Management)

	<b>2002</b>	<b>2001</b>
<b>Revenue</b>		
Contributions:		
Ministry of Health and Ministry Responsible for Seniors	\$ -	\$ 700,000
Other Contributions	20	309,015
Investment earnings	<u>35,181</u>	165,089
	<u><b>35,201</b></u>	1,174,104
<b>Expenditures</b>		
Institutional Program		
Operating and equipment grants / (recovery)	(65,273)	429,255
Scholarships	65,000	364,570
Studentships / (recovery)	(15,645)	409,005
Operations	28,767	128,126
Community Program		
Operating grants	-	223,601
Operations	-	123,663
Planned giving/Communications	-	152,950
CHSRF Open Grants Partnership	<b>93,556</b>	55,705
CIHR grant	-	12,109
Special projects	-	81,358
Ministry of Health - Self Care Projects	-	135,953
Administration	<b>24,647</b>	160,348
Amortization of capital assets	-	7,766
Loss on sale and disposal of capital assets	<b>19,862</b>	-
	<b>150,914</b>	2,284,409
<b>Revenue under expenditures for the year</b>	<b>\$ (115,713)</b>	\$ (1,110,305)

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**British Columbia Health Research Foundation**  
**Statement of Changes in Net Assets**  
**For the year ended March 31**  
(Uaudited – Prepared by Management)

	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Health Technology Assessment Purposes	Unrestricted	2002	2001
Beginning of year	\$ 31,063	\$ 3,727,443	\$ 260,345	\$ 88,583	\$ 4,107,434	\$ 4,519,789
Revenue under expenses	(19,862)			(95,851)	(115,713)	(1,110,305)
Additions to (sale of) capital assets	(11,201)			11,201	-	-
Endowment contributions		171			171	624,300
Endowment distributions		(55,000)		-	(55,000)	(110,000)
Endowment earnings (net of fees)		103,126			103,126	183,650
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 3,775,740</b>	<b>\$ 260,345</b>	<b>\$ 3,933</b>	<b>\$ 4,040,018</b>	<b>\$ 4,107,434</b>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

**British Columbia Health Research Foundation**  
**Statement of Cash Flows**  
**For the year ended March 31**

(Unaudited – Prepared by Management)

	<b>2002</b>	2001
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Revenue under expenses for the year	\$ (115,713)	\$ (1,110,305)
Items not utilizing cash:		
Loss on disposal of capital assets	19,862	-
Amortization of capital assets	-	7,766
	<u>(95,851)</u>	<u>(1,102,539)</u>
Changes in non-cash working capital balance		
Accounts receivable	7,731	1,501,371
Prepaid expenses	93,556	(89,212)
Accounts payable	147	(11,810)
Grants payable	(1,170,519)	(1,671,126)
Deferred contributions	-	153,047
Funds held for the Coalition for Health Research	<u>(59,168)</u>	<u>59,168</u>
	<u>(1,224,104)</u>	<u>(1,161,101)</u>
<b>Investing activity</b>		
Proceeds on sale of capital assets	11,201	-
Decrease in investments	1,427,996	463,352
Endowment contributions	171	624,300
Endowment grants	(55,000)	(110,000)
Investment earnings in endowment fund	<u>103,126</u>	<u>183,650</u>
	<u>1,487,494</u>	<u>1,161,302</u>
<b>Increase in cash during the year</b>	<b>263,390</b>	<b>201</b>
Cash, beginning of year	<u>34,110</u>	<u>33,909</u>
Cash, end of year	<b>\$ 297,500</b>	<b>\$ 34,110</b>

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

# **British Columbia Health Research Foundation**

## **Summary of Significant Accounting Policies**

**March 31, 2002**

(Unaudited – Prepared by Management)

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### **Nature of Business**

The British Columbia Health Research Foundation (“the Foundation”) was incorporated pursuant to the British Columbia Health Research Foundation Act on March 12, 1991, and is an agent of the Crown. The Foundation is not subject to income taxation.

The initial objects of the Foundation are to assist and collaborate with organizations conducting research in the field of health, including policy, promotion, and care in the Province of British Columbia; to cooperate with community facilities or organizations concerned with the general health of communities in the Province; and to accept and receive grants, donations, and other funds for use in carrying out its objects. It awards grants for operating funds to conduct health research projects, to purchase equipment, to develop research proposals, to facilitate research activities, and to fund scholarships for new researchers starting their professional careers and studentships for students pursuing graduate degrees.

One share with a par value of \$100 in the capital of the Foundation was issued on June 28, 1991, and is held by the Minister of Finance and Corporate Relations.

### **Wind Down of Operations**

The Foundation is in the process of winding down its operations. Legislation to repeal the British Columbia Health Research Foundation Act was introduced in the B C legislature on April 16, 2002 as Bill 35. Once the legislature is repealed, the remaining assets and liabilities will be transferred to the Michael Smith Foundation for Health Research. The Michael Smith Foundation for Health Research is a non profit Society founded in British Columbia. Its incorporation, constitution and bylaws have similar aims to those of the Foundation.

### **Basis of Accounting**

These financial statements have been prepared in accordance with generally accepted accounting principles for non-profit organizations. The Foundation follows the deferral method of accounting for contributions and presents its funds on a combined basis except that the Statement of Operations excludes endowment transactions, which are instead reported in the Statement of Changes in Net Assets. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue as received or receivable, if the amount to be received can be reasonably assured.

### **Expenditures**

Grants, scholarships and studentships are recognized as expenditures in the year they are awarded. Amounts are usually paid in four quarterly installments. Amounts previously awarded but declined during the year were \$80,918 (2001 - \$269,196) and are recorded as a reduction of the current year's expenditures.

### **Capital Assets**

Capital assets are recorded at cost and are amortized on the declining balance basis at 20% per annum.

## **British Columbia Health Research Foundation**

### **Summary of Significant Accounting Policies**

**March 31, 2002**

(Unaudited – Prepared by Management)

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#### **Investments**

Short-term investments totaling \$3,989,974 consist of units in the Province of British Columbia Pooled Investment Portfolios \$317,977, (2001 - \$1,790,144) and amounts invested in various bonds and equities managed by TD Private Investment Counsel \$3,671,997, (2001 - \$3,627,826).

The Pooled Investment Portfolio Units are carried at the lower of cost, adjusted by income attributed to the units, or market value. Market value of the units is \$317,792 (2001 - \$1,792,149).

The TD investments have a market value of \$3,545,158 (2001 - \$3,527,049). The carrying value of these investments has not been written down to market as the decline in market value is expected to be temporary.

#### **Financial Instruments**

The Foundation's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable and grants payable. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Fair value of these financial instruments is approximated by their carrying values.

#### **Volunteer Services**

The Foundation gratefully acknowledges the significant contribution it receives from volunteer services. Such services, although valuable and important, are not recorded in these financial statements because of the difficulty of assigning a particular value to them.

**British Columbia Health Research Foundation**  
**Notes to Financial Statements**  
**March 31, 2002**  
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**1. Capital Assets** During the year, all of the capital assets were either sold or disposed of resulting in a net loss on sale. This amount is reflected in the Statement of Operations.

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**2. Deferred Contributions**

	Ministry of Health Self- care Project	Canadian Health Services Research Foundation	2002	2001
Balance, beginning of year	\$ 58,967	\$ 114,000	\$ 172,967	\$ 19,920
Funding for Provincial Self-care Project	-	-	-	175,000
Co-sponsorship for Studentships	-	-	-	275,500
Revenue recognized	-	-	-	(297,453)
	\$ 58,967	\$ 114,000	\$ 172,967	\$ 172,967

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Deferred contributions are recognized as revenue as conditional expenditures are incurred.

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**3. Net Assets Restricted for Endowment Purposes**

	2002	2001
Moore Endowment	\$ 1,551,908	\$ 1,519,854
Lennox Endowment	2,120,088	2,107,970
Biomedical Research Endowment	9,846	9,455
Rix Family Endowment	11,173	10,729
Riverview Hospital Endowment	82,725	79,435
	\$ 3,775,740	\$ 3,727,443

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Externally restricted endowments are subject to externally imposed restrictions stipulating that these resources are to be retained and invested and that the interest earned is to be expended for designated research purposes. Contributions and interest earnings are reported on the Statement of Changes in Net Assets.

**British Columbia Health Research Foundation  
Notes to Financial Statements**

**March 31, 2002**

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**4. Net Assets Internally Restricted**

The British Columbia Health Technology Assessment Endowment (\$260,345) was created by the Foundation to fund health technology assessment training and facilitation activities. Expenditures from the fund cannot be made without the approval of the Board. Investment earnings are not allocated to this fund.

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**5. Commitments**

**Scholarship and Studentship awards**

Scholarship awards are renewable for two additional years and studentship awards for one additional year subject to satisfactory annual progress reports and applications for renewal. If all existing scholarship and studentship awards are renewed for their remaining terms, the commitment required to fund them would be \$629,008. As the Foundation is in the process of winding down and does not have any future revenue, the Michael Smith Foundation for Health Research has agreed to fund the balance of these awards. Payment of these grants is conditional on the recipients meeting certain criteria and providing required supporting information.