Non-Consolidated Financial Statements of

VANCOUVER FOUNDATION

Year ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Directors of Vancouver Foundation

We have audited the accompanying non-consolidated financial statements of Vancouver Foundation, which comprise the non-consolidated statement of financial position as at December 31, 2011 and the non-consolidated statements of revenue and expenses and changes in fund balances, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated 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 non-consolidated 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 non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Vancouver Foundation as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

April 12, 2012
Vancouver, Canada

VANCOUVER FOUNDATION

Non-Consolidated Statement of Financial Position

December 31, 2011, with comparative information for 2010

	Restricted		Unrestricted		
	Consolidated Trust Funds	Other Trust Funds		2011	2010
Assets					
Investment portfolio (note 4):					
Common shares and convertible securities	$ 359,618,174	$ 5,575,493	$ -	$ 365,193,667	$ 418,530,185
Bonds and debentures	243,954,266	3,773,194	-	247,727,460	231,531,698
Mortgages and real estate	90,422,781	71,000	-	90,493,781	66,129,248
Accrued investment income receivable	368,562	-	-	368,562	494,150
	694,363,783	9,419,687	-	703,783,470	716,685,281
Cash and cash equivalents (note 5)	29,638,478	436,272	437,516	30,512,266	24,953,806
Short-term investments (note 6)	11,272,461	-	-	11,272,461	6,189,105
Long-term investments (note 7)	-	1,789,806	-	1,789,806	-
Capital assets (note 8)	-	-	1,033,113	1,033,113	878,556
	$ 735,274,722	$ 11,645,765	$ 1,470,629	$ 748,391,116	$ 748,706,748
Liabilities					
Accounts payable and accrued liabilities	$ 1,047,159	$ -	$ 490,365	$ 1,537,524	$ 1,054,062
Interfund fees payable (receivable)	4,090,474	576,531	(4,667,005)	-	-
Net assets					
Contributed principal	624,195,078	11,296,114	-	635,491,192	627,016,287
Retained returns (losses) from investments	105,942,011	(226,880)	4,614,156	110,329,287	119,757,843
Invested in capital assets	-	-	1,033,113	1,033,113	878,556
Total fund balances	730,137,089	11,069,234	5,647,269	746,853,592	747,652,686
	$ 735,274,722	$ 11,645,765	$ 1,470,629	$ 748,391,116	$ 748,706,748

Commitments (note 12)

See accompanying notes to the non-consolidated financial statements.

Approved on behalf of the Board:

_______________ Director   _______________ Director

VANCOUVER FOUNDATION

Non-Consolidated Statement of Revenue and Expenses and Changes in Fund Balances

Year ended December 31, 2011, with comparative information for 2010

	Restricted		Unrestricted		
	Consolidated Trust Funds	Other Trust Funds		2011	2010
Revenue:					
Contributions:					
General	$ 25,020,180	$ 2,744,387	$ 8,228,227	$ 35,992,794	$ 26,393,194
Government	1,692,133	-	2,500	1,694,633	961,874
Investment and interest income (loss)	11,481,627	(226,222)	806,198	12,061,603	57,992,776
Administration and investment management fees	(8,247,323)	(56,956)	8,304,279	-	-
Less investment management and custodian fees	-	-	(2,774,341)	(2,774,341)	(2,896,437)
	29,946,617	2,461,209	14,566,863	46,974,689	82,451,407
Expenses:					
Operating expenses:					
Administration	-	-	2,572,659	2,572,659	2,296,982
Communications	-	-	681,009	681,009	586,214
Grant support	-	-	1,262,387	1,262,387	1,285,010
Donor services	-	-	1,120,375	1,120,375	1,071,660
	-	-	5,636,430	5,636,430	5,239,866
Other fund expenses	473,679	-	-	473,679	1,140,665
Foundation program expenses, net	-	281,331	-	281,331	143,611
	473,679	281,331	5,636,430	6,391,440	6,524,142
Excess of revenue over expenses before grants	29,472,938	2,179,878	8,930,433	40,583,249	75,927,265
Grants	(31,150,255)	(496,648)	(7,722,635)	(39,369,538)	(44,445,501)
Excess (deficiency) of revenue over expenses before distributions of capital	(1,677,317)	1,683,230	1,207,798	1,213,711	31,481,764
Fund balances, beginning of year	735,345,320	7,867,895	4,439,471	747,652,686	721,925,788
Reclassified fund balances	(1,518,109)	1,518,109	-	-	-
Distribution of capital from contributed principal and retained returns	(2,012,805)	-	-	(2,012,805)	(5,754,866)
Fund balances, end of year	$ 730,137,089	$ 11,069,234	$ 5,647,269	$ 746,853,592	$ 747,652,686

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Changes in Net Assets

Year ended December 31, 2011, with comparative information for 2010

	Contributed principal	Retained returns from investments	Invested in capital assets	2011	2010
Net assets, beginning of year	$ 627,016,287	$ 119,757,843	$ 878,556	$ 747,652,686	$ 721,925,788
Excess (deficiency) of revenue over expense	24,360,439	(23,011,768)	(134,960)	1,213,711	31,481,764
Invested in capital assets	-	(289,517)	289,517	-	-
Distributions of capital	-	(2,012,805)	-	(2,012,805)	(5,754,866)
Reclassified fund balances	(14,866)	14,866	-	-	-
Transfers from contributed principal to retained returns	(16,443,222)	16,443,222	-	-	-
Recapitalized income	572,554	(572,554)	-	-	-
Net assets, end of year	$ 635,491,192	$ 110,329,287	$ 1,033,113	$ 746,853,592	$ 747,652,686

See accompanying notes to the non-consolidated financial statements.

VANCOUVER FOUNDATION

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2011, with comparative information for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses before distributions of capital	$ 1,213,711	$ 31,481,764
Items not affecting cash:		
Investment gain	(12,061,603)	(57,992,776)
Depreciation	134,960	145,240
	(10,712,932)	(26,365,772)
Changes in non-cash operating working capital:		
Accrued investment income receivable	125,588	2,327,660
Accounts payable and accrued liabilities	483,462	98,247
	609,050	2,425,907
Net cash from operations	(10,103,882)	(23,939,865)
Investing:		
Capital asset additions	(289,517)	(525,889)
Transfers from investments to cash	11,775,559	26,803,861
Net cash from investing	11,486,042	26,277,972
Financing:		
Distributions from capital	(2,012,805)	(5,754,866)
Decrease in cash and cash equivalents	(630,645)	(3,416,759)
Cash and cash equivalents, beginning of year	31,142,911	28,370,565
Cash and cash equivalents, end of year	$ 30,512,266	$ 24,953,806

See accompanying notes to the non-consolidated financial statements.

1. Purpose of the Organization:

Vancouver Foundation (the "Foundation") was established in 1943 and incorporated through an Act of the Provincial Legislature in 1950.

The Foundation is registered with the Charities Division, Canada Revenue Agency, and is classified as a public foundation. As such, it is exempt from income taxes and can issue charitable donation receipts.

The Foundation serves three major constituencies: its donors, the charitable sector and the community.

2. Significant accounting policies:

The financial statements of the Foundation have been prepared by management on a non-consolidated basis in accordance with Canadian generally accepted accounting principles. Details of controlled entities which have not been consolidated are provided in notes 9, 10 and 11.

(a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the Foundation's resources, the Foundation follows the restricted fund method of accounting for contributions. Accordingly, resources are classified for accounting and financial reporting purposes into funds. These funds are maintained in accordance with either the objectives specified by the donors or with directives issued by the Board of Directors (the "Board"). Certain interfund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Transfers between the funds are recorded in the statement of changes in net assets.

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

(*i*) Consolidated Trust Funds (the "CTF"):

The CTF holds resources contributed for community endowment as well as funds subject to partial withdrawal according to the terms of the deeds of gift. These funds are considered restricted for use by the Foundation.

The Board exercises discretionary control over the investment of these assets through external investment fund managers. Income earned on the CTF resources is reported in the CTF and is either retained in the CTF, redeemed and/or granted in the year.

(*ii*) Other Trust Funds (the "OTF"):

The OTF holds resources over which the Foundation does not exercise discretionary investment control (including the Foundation's Investment Manager Program), and which are administered and distributed taking into consideration the recommendations from the fund holders. These funds are considered restricted for use by the Foundation.

2. Significant accounting policies (continued):

(a) Fund accounting (continued):

(*ii*) Other Trust Funds (the "OTF") (continued):

Income earned on the OTF resources is reported in the OTF and is either retained in the OTF, redeemed and/or granted in the year.

(*iii*) Unrestricted Funds:

Unrestricted funds represent resources available for grants, distributions and operations. These funds are held in cash denominated in Canadian currency or are invested in capital assets.

(b) Cash and cash equivalents:

Cash and cash equivalents include short-term notes with terms to maturity of three months or less at the date of acquisition.

(c) Investments:

Investments includes all common shares, convertible securities, bonds, debentures, mortgages and real estate investments. These investments are recorded at their fair values determined, on a trade date basis, on the last business day of the fiscal period.

(d) Short-term investments:

Short-term investments include short-term notes with terms to maturity greater than three months and less than one year at the date of acquisition.

(e) Long-term investments:

Long-term investments are interest bearing deposits held with Canadian financial institutions for a term greater than one year.

(f) Capital assets:

Purchased assets are recorded at cost. Assets in use are amortized over their estimated useful lives. Management has estimated the useful lives to be:

Asset	Rate
Computer and office equipment	3 to 5 years straight-line
Office furniture	10 years straight-line
Leasehold improvements	Straight-line over the remaining term of the lease

2. Significant accounting policies (continued):

(g) Controlled entities:

(*i*) British Columbia Unclaimed Property Society:

On March 3, 2003, the British Columbia Unclaimed Property Society ("BCUPS") was incorporated under the Society Act of the Province of British Columbia. The purpose of BCUPS is to act as the administrator under the Unclaimed Property Act (British Columbia) and Unclaimed Property Amendment Act, 2003. The Foundation owns all of the shares in three corporations that are the sole members of BCUPS, and thereby it is able to indirectly control the election of directors of the Society and the admission of new members to BCUPS.

The financial statements of BCUPS are not consolidated in the Foundation's financial statements. Summary financial statements of BCUPS are included in note 9.

(*ii*) Giving in Action Society:

On May 16, 2006, the VF Building Communities Society ("VFBCS") was incorporated under the Society Act of the Province of British Columbia. On November 10, 2006, VFBCS changed its name to the Giving in Action Society ("GIA"). The purpose of the GIA is to provide grants to families who have a family member with developmental disabilities living at home, who have a child with special needs living at home, and for other charitable activities as determined by the directors of GIA. The Foundation has the ability to appoint the directors of GIA, and has been the only source of contributions for GIA.

In 2006, the Foundation established the Family Independence Fund and the Children and Youth with Special Needs Supports Fund. Contributions to these funds are invested in the CTF. The Foundation contributes funds as necessary to GIA.

The financial statements of GIA are not consolidated in the financial statements of the Foundation. Summary financial statements of GIA are included in note 10.

(*iii*) 3246915 Holdings Limited:

On April 5, 2011, ownership of 3246915 Holdings Limited was transferred to the Foundation as a result of an Estate gift. At the time of transfer, 3246915 Holdings Limited held a portfolio of investment securities. During 2011, this portfolio of securities was disposed of and proceeds were transferred to the CTF.

The financial results of 3246915 Holdings Limited are accounted for under the equity method. Summary financial statements of 3246915 Holdings Limited are included in note 11.

2. Significant accounting policies (continued):

(h) Revenue recognition:

Contributions are recognized when they are received.

In the normal course of operations, the Foundation receives notification of pending Estate gifts. Estate gifts, including bequests, are recorded upon receipt of the donated assets. Bequests in a form other than cash or marketable securities are recorded at fair value at the time of receipt.

Interest on bonds, mortgages and short-term notes are recorded on an accrual basis. Dividends that have been declared are recorded as income on the date of record set for the dividend.

Investment income earned on restricted funds is recognized as revenue of the applicable restricted fund in accordance with the terms of the restricted contribution.

(i) Grants:

Grants are recorded when paid by the Foundation.

(j) Donated services:

The Foundation relies on the time and expertise donated by many volunteers. The value of this time has not been reflected in these financial statements.

(k) Management estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts and disclosures reported in financial statements and accompanying notes. Management believes that the estimates utilized in preparing these non-consolidated financial statements are reasonable; however, actual results could differ from these estimates.

(l) Financial instruments:

The Foundation's financial instruments consist of cash and cash equivalents, short- and long-term investments, accrued investment income receivable, bonds and debentures, common shares and convertible securities, mortgages and real estate investments, and accounts payable and accrued liabilities.

2. Significant accounting policies (continued):

(l) Financial instruments (continued):

The financial assets and financial liabilities of the Foundation are classified and measured as follows:

Assets/liabilities	Category	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Investments	Held-for-trading	Fair value
Short-term investments	Held-for-trading	Fair value
Long-term investments	Held-for-trading	Fair value
Accrued investment income receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis. Transaction costs are expensed as incurred.

For items carried at amortized cost, the fair value approximates the carrying value in the financial statements, due to the short term nature.

The fair value of financial assets and liabilities is disclosed in note 15.

(m) Comparative figures:

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

(n) Related party transactions:

Related party transactions in the normal course of business are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Details of related party transactions are disclosed in notes 9, 10 and 11.

3. Changes in accounting framework and accounting policies:

In December 2010, the Canadian Institute of Chartered Accountants ("CICA") issued a new accounting framework applicable to Canadian not-for-profit organizations. Effective for fiscal years beginning on or after January 1, 2012, not-for-profit organizations will be required to choose between International Financial Accounting Standards ("IFRS") and the Accounting Standards for Not-for-Profit Organizations. The Foundation plans to adopt the new accounting standards for not-for-profit organizations for its fiscal year beginning January 1, 2012. The impact of transitioning to these new standards has not been determined at this time.

4. Investments:

The Foundation's investments are carried at fair value in accordance with the significant accounting policy disclosed in note 2(c).

The Foundation’s investments are exposed to changing market conditions. The Foundation manages the market risk associated with these changing conditions by establishing and monitoring asset allocation strategies and by diversifying investments within the various asset classes. Investments in foreign equities are exposed to currency risk due to fluctuations in foreign exchange rates. While derivative financial instruments may be utilized by the Foundation in the management of its foreign currency exposures, the Foundation’s policy is not to utilize derivative financial instruments for trading or speculative purposes.

Details of significant terms and conditions and exposures to interest rate and credit risks on investments are disclosed in note 13.

(a) Consolidated Trust Funds:

	Within 1 year	1 - 5 years	Over 5 years	No specific maturity	2011 Total fair value	2011 Cost	2010 Total fair value	2010 Cost
Common shares and convertible securities:								
Canadian equities	$ -	$ -	$ -	$ 68,536,228	$ 68,536,228	$ 64,202,363	$ 32,207,835	$ 29,297,258
Canadian pooled funds	-	-	-	115,590,877	115,590,877	111,852,631	137,786,693	119,097,509
Total Canadian equities	**-**	**-**	**-**	**184,127,105**	**184,127,105**	**176,054,994**	**169,994,528**	**148,394,767**
International equities	-	-	-	29,010,657	29,010,657	29,128,955	-	-
International pooled funds	-	-	-	146,480,412	146,480,412	135,837,219	243,785,854	213,608,213
Total International equities	-	-	-	**175,491,069**	**175,491,069**	**164,966,174**	**243,785,854**	**213,608,213**
Total equities (note 4(a)(i))	**$ -**	**$ -**	**$ -**	**$359,618,174**	**$359,618,174**	**$341,021,168**	**$413,780,382**	**$362,002,980**
Bonds and debentures:								
Government of Canada	$ 565,699	$ 962,972	$ 6,558,380	$ -	$ 8,087,051	$ 7,528,152	$ 12,438,146	$ 12,258,907
Canadian provincial, municipal and public authorities	-	185,247	34,139,549	-	34,324,796	29,972,910	38,710,329	37,000,672
Canadian corporate	4,008,822	4,773,128	2,459,468	-	11,241,418	9,910,583	7,430,645	7,463,139
US Treasury	-	-	-	-	-	-	706,927	712,818
Pooled bond funds	-	-		190,301,001	190,301,001	188,663,854	169,360,950	169,143,891
Total bonds and debentures (note 4(a)(ii))	**$4,574,521**	**$5,921,347**	**$43,157,397**	**$190,301,001**	**$243,954,266**	**$236,075,499**	**$228,646,997**	**$226,579,427**
Weighted average yield to maturity of bonds and debentures	1.97%	2.53%	6.35%					
Mortgages (note 4(a)(iii)):								
Direct mortgages	-	7,100,000	-	-	7,100,000	7,100,000	5,100,000	5,100,000
Pooled mortgage funds	-	-	-	36,790,282	36,790,282	36,074,301	33,979,981	34,174,065
	-	7,100,000	-	36,790,282	43,890,282	43,174,301	39,079,981	39,274,065
Real estate (note 4(a)(iv)):								
Pooled real estate funds	-	-	-	46,532,499	46,532,499	41,092,401	26,978,267	21,390,291
Total mortgages and real estate	**$ -**	**$ 7,100,000**	**$ -**	**$ 83,322,781**	**$ 90,422,781**	**$ 84,266,702**	**$ 66,058,248**	**$ 60,664,356**
Total investments	**$4,574,521**	**$13,021,347**	**$43,157,397**	**$633,241,956**	**$693,995,221**	**$661,363,369**	**$708,485,627**	**$649,246,763**

4. Investments (continued):

(a) Consolidated Trust Funds (continued):

(*i*) Equities:

Equities are valued using published market quotations.

The Foundation manages its equity market risk by allocating its equities component of the Consolidated Trust Fund across twelve investment managers, with differing investment styles and mandates, none of which manages in excess of 19.3% (2010 - 22.3%) of the equities component. Approximately 40.7% (2010 - 41.1%) of the Foundation's equity holdings are invested in Canadian equities by four managers and 59.3% (2010 - 58.9%) are invested in foreign equities by three managers as follows:

	2011	2010
Canadian:		
Financial services	8%	5%
Oil and gas	8	5
Industrial products	7	4
Utilities	1	2
Metals and minerals	3	1
Transportation and environmental services	2	1
Other sectors	9	1
Pooled equity funds	62	81
	100%	100%
Foreign:		
Other sectors	17%	0%
Pooled equity funds	83	100
	100%	100%

The managers of the Canadian pooled equity funds invest in diversified portfolios of Canadian common stocks. The value of any one investment in each fund does not exceed 6.7% of the respective manager's total equity portfolio.

The manager of the largest foreign pooled equity fund (approximately 57.9% of total foreign pooled equity funds) invests in large multinationals that usually have a minimum of USD$1 billion of market capitalization. The fund is generally diversified across all industry sectors.

(*ii*) Bonds:

The Foundation is invested in individual bonds, as well as pooled bond funds. The pooled bond funds invest in federal, provincial, municipal and corporate bonds with a minimum B credit rating.

Bonds are valued using published market quotations.

4. Investments (continued):

(a) Consolidated Trust Funds (continued):

(*iii*) Mortgages:

The direct mortgages are secured by real estate, were made at commercial rates and are valued at fair value as determined by the mortgage investment managers. All mortgages relate to properties located in Canada.

The remaining mortgages are due to mature by August 31, 2014.

(*iv*) Real estate:

Pooled real estate funds are valued quarterly by the real estate investment managers using a combination of internal and external appraisals to establish current market values. All real estate investments are in Canadian property.

(b) Other Trust Funds:

	2011		2010	
	Fair value	Cost	Fair value	Cost
Common shares and convertible securities	$5,575,493	$6,009,135	$4,749,803	$4,385,840
Bonds and debentures	3,773,194	3,627,441	2,884,701	2,799,633
Mortgages, real estate and other assets	71,000	71,000	71,000	71,000
Total investments	$9,419,687	$9,707,576	$7,705,504	$7,256,473

5. Cash and cash equivalents:

	2011	2010
Cash	$ 24,127,155	$ 17,713,917
Pooled Money Market Funds	6,385,111	7,239,889
	$ 30,512,266	$ 24,953,806

6. Short-term investments:

Short-term investments have a weighted average term to maturity of 45 days (2010 - 44 days) and a weighted average interest rate of 1.01% (2010 - 1.18%).

7. Long-term investments:

Long-term investments have a term of seven years total (six years to maturity) and earn interest at a rate of 3.44%.

8. Capital assets:

			2011	2010
	Cost	Accumulated depreciation	Net book value	Net book value
Computer and office equipment	$ 739,239	$ 638,972	$ 100,267	$ 71,470
Office furniture	189,106	89,412	99,694	118,436
Leasehold improvements	499,273	388,376	110,897	178,800
IT software conversion	722,255	-	722,255	509,850
	$ 2,149,873	$ 1,116,760	$ 1,033,113	$ 878,556

Amortization expense for the year ended December 31, 2011 is $134,960 (2010 - $145,240). Additions to capital assets for the year ended December 31, 2011 totaled $289,517 (2010 - $525,889).

9. British Columbia Unclaimed Property Society:

(a) A summary of the financial statements of the British Columbia Unclaimed Property Society at December 31, 2011 is as follows:

Balance Sheet	2011	2010
Investments	$ 12,319,014	$ 12,007,184
Cash	5,767,266	2,886,084
Other	70,233	20,818
	$ 18,156,513	$ 14,914,086
Accounts payable and accrued liabilities	$ 54,665	$ 28,759
Old unclaimed property funds (note 9(b))	715,967	1,058,545
New unclaimed property funds	15,565,575	12,411,229
Fund balance	1,820,306	1,415,553
	$ 18,156,513	$ 14,914,086

9. British Columbia Unclaimed Property Society (continued):

(a) A summary of the financial statements of the British Columbia Unclaimed Property Society at December 31, 2011 is as follows (continued):

Statement of Operations	2011	2010
Revenue	$ 872,032	$ 576,031
Expenses (note 9(c))	(467,279)	(411,950)
Excess of revenue over expenses	404,753	164,081
Fund balance, beginning of year	1,415,553	1,251,472
Fund balance, end of year	$ 1,820,306	$ 1,415,553

Statement of Cash Flows	2011	2010
Cash flows from operating activities	$ 2,989,119	$ 1,133,089
Cash flows related to investing activities	$ (107,937)	$ -

(b) Pursuant to the Administration Agreement between the British Columbia Unclaimed Property Society and the Province of British Columbia, any pre-April 1, 2003 unclaimed funds that are unused as at April 1, 2008 were to be returned to the Province of British Columbia. During 2008, the Province renewed the agreement for an indefinite term until either party gives one year's written notice to terminate the agreement. At December 31, 2011, the balance of these unused funds is $715,967 (2010 - $1,058,545).

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society $30,730 (2010 - $27,376) for the year ended December 31, 2011.

In addition, the Society paid management services fees to the Foundation for financial, accounting, information technology. general management and other administrative services. The amount paid for such services for the year ended December 31, 2011 was $50,000 (2010 - $50,000).

During 2011, the Society paid $24,000 (2010 - $20,000) to Vancouver Foundation for communications consulting fees.

(d) As provided for in the Administration Agreement, during 2011, the Society transferred, from new unclaimed property funds held by it, $2,100,000 (2010 - $1,500,000) to the Foundation for its charitable purposes, which is included in unrestricted contributions. The Board of Directors of the Society has also approved an additional transfer of $2,704,830 to the Foundation for its charitable purposes in 2012.

10. Giving in Action Society:

(a) Summary of Giving in Action's financial statements at December 31, 2011 is as follows:

Balance Sheet	2011	2010
Cash	$ 251,880	$ 590,562
Receivables	19,918	6,868
Capital assets	2,833	3,972
	$ 274,631	$ 601,402
Accounts payable and accrued liabilities	$ 33,825	$ 7,635
Fund balance	240,806	593,767
	$ 274,631	$ 601,402

Statement of Operations	2011	2010
Revenue (note 10(b))	$ 4,562,263	$ 4,667,827
Interest income	9,868	5,679
Grants	(4,616,078)	(5,204,275)
Expenses (note 10(c))	(309,014)	(289,983)
Deficiency of revenue over expenses	(352,961)	(820,752)
Fund balance, beginning of year	593,767	1,414,519
Fund balance, end of year	$ 240,806	$ 593,767

(b) The Foundation contributed $4,562,263 (2010 - $4,667,827) to the Society for the year ended December 31, 2011 from the CTF.

(c) The Foundation subleases office space to the Society, in respect of which it charged the Society $30,322 (2010 - $28,236) for the year ended December 31, 2011.

11. 3246915 Holdings Limited:

Summary of 3246915 Holdings Limited's financial statements at December 31, 2011 is as follows:

Balance Sheet		
Cash	$	3,214
Advances to related parties		2,845
	$	6,059
Accounts payable and accrued liabilities	$	5,999
Share capital		3,061
Deficit		(3,001)
	$	6,059

Statement of Operations and Deficit		
Dividend income	$	11,529
Interest income		3,652
Income tax recovery		108
Donations		(1,814,960)
Investment management fees		(5,264)
Professional fees		(2,432)
Sundry expenses		(1,550)
Loss for the year		(1,808,917)
Retained earnings, beginning of year		1,817,916
Dividends		12,000
Deficit, end of year	$	(3,001)

12. Commitments:

(a) Office lease:

The minimum future office lease payments to the end of the lease term are as follows:

2012	$	720,451
2013		180,113
	$	900,564

13. Financial risk management:

(a) Overview:

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Foundation adheres to an Investment Policy, which is approved by the Board of Directors, that outlines the objectives, policies and processes related to its investing activities. This policy prescribes limits around the quality and concentration of investments held by the Foundation. The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework.

(b) Credit risk:

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations. The Foundation's investments in short-term investments and bonds and debentures are subject to credit risk. The maximum exposure to credit risk on these instruments is their carrying value. The Foundation manages the risk by limiting the credit exposure allowed by the fixed income managers. The Investment Policy of the Foundation mandates that the maximum exposure to bonds rated "BBB" or below by Dominion Bond Rating Service ("DBRS") is 20% of the fixed income portfolio and no fixed income security rated lower than "B (low)" can be purchased. Cash and short-term paper up to one year term maturity must have a DBRS credit rating of R-1. As at December 31, 2011, the Foundation's credit exposures were as follows:

	Percentage of market value of total fixed income portfolio
AAA rated securities	22 %
AA	42 %
A	16 %
BBB	11 %
Below BBB	5 %
Mortgages	5 %

In addition, the Foundation participates in a securities lending program with its custodian, RBC Dexia. While there is some exposure to counterparty risk through this program, RBC Dexia has indemnified the Foundation against any losses that might result from this risk exposure. The Foundation's exposure to and management of credit risk has not changed materially since December 31, 2010.

13. Financial risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The majority of the Foundation's assets are investments traded in active markets that can be readily liquidated and therefore the Foundation's liquidity risk is considered minimal. In addition, the Foundation aims to retain sufficient cash positions to manage liquidity. The Foundation's exposure to and management of liquidity risk has not changed materially since December 31, 2010.

(d) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates, interest rates and equity prices, will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

(*i*) Currency risk:

Investments in foreign securities are exposed to currency risk due to fluctuations in foreign exchange rates.

The Foundation is exposed to currency risk on its foreign market common stock and its foreign market bonds and debentures, as the prices denominated in foreign currencies are converted to Canadian dollars in determining fair value. The objective of the Foundation's investment policy is to control currency risk by maintaining a geographically diversified portfolio. The Foundation's two bond managers invest a portion of their portfolios in foreign bonds, but are restricted to hold only a small exposure to unhedged foreign currencies. Total exposure to foreign equities as at December 31, 2011 was $175,491,069 (48.1% of total equities portfolio).

From time to time, the Foundation’s external investment fund managers may hold relatively minor balances in cash and cash equivalents denominated in non-Canadian currencies. The currency risk related to these balances is not significant.

The most significant exposure to currency risk is $33,461,866 (5% of investments) in equities denominated in US dollars.

13. Financial risk management (continued):

(d) Market risk (continued):

(*ii*) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Foundation. The Foundation is invested in a number of individual bonds, as well as pooled bond funds. The Foundation also invests in mortgages secured by real estate.

Duration is the most common measure of the sensitivity of the price of a bond to a change in interest rates. As at December 31, 2011, the Foundation's bond portfolio had an average duration of 6.78 years. Therefore, if bond yields increased (decreased) by 1%, the bond portfolio would decrease (increase) in value by approximately $15.5 million or 6.8%. The bond portfolio is managed by two different investment managers who vary the duration of their portfolios (within mandated constraints) to reflect their outlooks for interest rates.

(*iii*) Other price risk:

The Foundation invests its various funds according to an Investment Policy Statement approved by the Board of Directors. The Investment Policy Statement applies to all investments held in the Foundation's Consolidated Trust Fund and it includes restrictions regarding the minimum and maximum amount of Canadian equities, global equities, fixed income, real estate, mortgages and short-term investments. The diversification across various asset classes is designed to decrease the volatility of portfolio returns

14. Capital management:

The Foundation invests in accordance with the Vancouver Foundation Act (the “Act”).

Prior to 2008, the Act required that capital of the Foundation be maintained in perpetuity. In 2008, the Act was revised to allow the Foundation to make distributions up to 7% of the original contributed capital for the trust fund as determined at December 31, 2008 subject to the Board’s approval. During the year ended December 31, 2011, under this facility, the Board approved distributions of capital of $102,318 (2010 - $204,568).

15. Fair values of financial assets and liabilities:

The following table shows a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Foundation’s investments. The hierarchy of inputs is summarized below:

- Quoted prices (unadjusted) in active markets (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs that are not based on observable market data (unobservable inputs) (Level 3).

15. Fair values of financial assets and liabilities (continued):

The following is a summary of the inputs used as of December 31, 2011 in valuing the respective investments carried at fair values:

Consolidated Trust Funds

	Level 1	Level 2	Level 3	Total
Common shares and convertible securities	$ 97,546,884	$ 262,071,290	$ -	$ 359,618,174
Bonds and debentures	-	243,954,266	-	243,954,266
Mortgages and real estate	-	36,790,282	53,632,499	90,422,781
	$ 97,546,884	$ 542,815,838	$ 53,632,499	$ 693,995,221

Other Trust Funds

	Level 1	Level 2	Level 3	Total
Common shares and convertible securities	$ 1,261,492	$ 4,314,001	$ -	$ 5,575,493
Bonds and debentures	-	3,773,194	-	3,773,194
Mortgages and real estate	-	-	71,000	71,000
	$ 1,261,492	$ 8,087,195	$ 71,000	$ 9,419,687

The following table shows a reconciliation of the movements in the fair value of the Foundation's Level 3 investments during the year:

	Consolidated Trust Funds	Other Trust Funds	Unrestricted	Total
Opening balance	$ 39,064,431	$ 71,000	$ -	$ 39,135,431
Gains	14,568,068	-	-	14,568,068
Closing balance	$ 53,632,499	$ 71,000	$ -	$ 53,703,499