

Bloorview Kids Foundation

Financial Statements

March 31, 2008

May 27, 2008

Auditors' Report

To the Members of Bloorview Kids Foundation

We have audited the balance sheet of **Bloorview Kids Foundation** as at March 31, 2008 and the statement of revenues, operating expenses, distributions and changes in fund balances for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **Bloorview Kids Foundation** as at March 31, 2008 and the results of its operations, its fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

Bloorview Kids Foundation

Balance Sheet

As at March 31, 2008

	2008 \$	2007 \$
Assets		
Current assets		
Cash	128,993	68,429
Accrued interest	125,542	121,251
Other receivables and prepaid expenses	49,632	17,553
	<hr/>	<hr/>
	304,167	207,233
Investments (note 3)	15,743,442	13,667,127
Equipment - net of accumulated amortization of \$89,066 (2007 - \$76,574)	16,738	12,690
	<hr/>	<hr/>
	16,064,347	13,887,050
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	79,761	6,600
Deferred revenue	15,000	10,000
Due to Bloorview Kids Rehab	413,896	270,189
	<hr/>	<hr/>
	508,657	286,789
Fund Balances		
Endowment	4,936,225	3,341,368
Restricted	3,642,532	3,939,175
General	6,976,933	6,319,718
	<hr/>	<hr/>
	15,555,690	13,600,261
	<hr/>	<hr/>
	16,064,347	13,887,050
	<hr/>	<hr/>

Approved by the Board of Directors

_____ Director

_____ Director

Bloorview Kids Foundation

Statement of Revenues, Operating Expenses, Distributions and Changes in Fund Balances

For the year ended March 31, 2008

				2008	2007
	Endowment Fund \$	Restricted Fund \$	General Fund \$	Total \$	Total \$
Revenues					
Donation and pledge revenue	276,876	2,275,783	1,285,350	3,838,009	7,002,368
Special events - net (note 4)	41,000	344,359	691,475	1,076,834	660,773
Bequests	298,000	-	202,295	500,295	266,009
Realized investment income (note 3)	60,168	173,782	633,618	867,568	783,106
Unrealized loss on investments	-	(190,073)	(489,195)	(679,268)	-
	676,044	2,603,851	2,323,543	5,603,438	8,712,256
Operating expenses					
Salaries and benefits	-	-	986,861	986,861	953,137
Administration	-	28,064	205,476	233,540	334,689
Fundraising activities	-	-	250,815	250,815	73,090
	-	28,064	1,443,152	1,471,216	1,360,916
Excess of revenues over operating expenses before distributions					
	676,044	2,575,787	880,391	4,132,222	7,351,340
Distributions					
Bloorview Kids Rehab (note 5)					
Capital	-	1,919,295	-	1,919,295	1,717,854
Programs, Research and Education	-	946,879	1,023,677	1,970,556	1,593,795
	-	2,866,174	1,023,677	3,889,851	3,311,649
Excess (deficiency) of revenues over operating expenses and distributions for the year					
	676,044	(290,387)	(143,286)	242,371	4,039,691
Fund balances - Beginning of year					
As previously reported	3,341,368	3,939,175	6,319,718	13,600,261	9,560,570
Adjustment to fund balances on adoption of Section 3855 - Financial Instruments	418,813	493,744	800,501	1,713,058	-
As restated - April 1, 2007 (note 2)	3,760,181	4,432,919	7,120,219	15,313,319	9,560,570
Interfund transfer from Restricted Fund to Endowment Fund (note 6)					
	500,000	(500,000)	-	-	-
Fund balances - End of year					
	4,936,225	3,642,532	6,976,933	15,555,690	13,600,261

Bloorview Kids Foundation

Notes to Financial Statements

March 31, 2008

1 Purpose of the Foundation

Bloorview Kids Foundation (the Foundation) was incorporated without share capital under the laws of the Province of Ontario on January 29, 1992 and registered as a charity under Section 149(1) of the Income Tax Act on January 1, 1993. The Foundation's operations commenced April 1, 1993. The Foundation generates, manages and distributes funds, and/or the income therefrom, for the benefit of Bloorview Kids Rehab (Bloorview), which provides rehabilitation and habilitation services to children and young adults with disabilities and long-term needs.

2 Summary of significant accounting policies

The following is a summary of the significant accounting policies followed in preparation of these financial statements.

Changes in accounting policies

On April 1, 2007, the Foundation adopted retrospectively without restatement The Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments - Recognition and Measurement, and Section 3861, Financial Instruments - Disclosure and Presentation. Under the new standards, financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Foundation's designation of such instruments. The standard requires that all financial assets and liabilities be classified as either held-for-trading (HFT), available-for-sale (AFS), held-to-maturity, loans and receivables or other liabilities. The standard requires that all financial assets and liabilities, including all derivatives, be measured at fair value with the exception of loans and receivables, debt securities classified as held-to-maturity and AFS financial assets that do not have quoted market prices in an active market. The Foundation has designated each of its significant categories of financial instruments outstanding as of April 1, 2007 as follows:

Cash	held-for-trading
Accrued interest	loans and receivables
Other receivables	loans and receivables
Investments	held-for-trading
Accounts payable and accrued liabilities	other liabilities
Due to Bloorview Kids Rehab	other liabilities

• Held-for-trading

HFT assets are financial assets typically acquired for resale prior to maturity. They are measured at fair value at the balance sheet date. Interest earned, interest accrued and gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in the statement of revenues and expenses.

• Loans and receivables

Loans and receivables are accounted for at amortized cost.

Bloorview Kids Foundation

Notes to Financial Statements

March 31, 2008

- Other liabilities

Other liabilities are recorded at amortized cost.

- Derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contract and accounted for at fair value when the economic characteristics and risks are not closely related to those of the host contract. The Foundation examined all active contracts and financial instruments as of March 31, 2008 for embedded derivatives. The Foundation has determined that it does not have any outstanding contracts or financial instruments with embedded derivatives that require bifurcation.

- Transaction costs

The Foundation recognizes all transaction costs related to financial instruments in the statement of revenues and expenses.

- Transitional adjustments

As required, these standards have been applied to the opening balances as at April 1, 2007, resulting in an opening adjustment of \$1,713,058 to both net assets and investments.

Future accounting policy changes

On April 1, 2007, the Foundation adopted Section 1506, Accounting Changes, of the CICA Handbook, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors.

The new Sections 3862 and 3863 replace CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, but not changing the existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning April 1, 2008 for the Foundation.

These standards may impact the Foundation's disclosures provided but will not affect the Foundation's results or financial position.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, which consist of donations, pledge revenue, bequests and proceeds from special events.

Bloorview Kids Foundation

Notes to Financial Statements

March 31, 2008

The financial statements separately disclose the activities of the following funds maintained by the Foundation:

- **Endowment Fund**

Represents resources contributed for endowment, whereby only the income earned on the principal amount is available for use by the Foundation for activities specified by the contributors or the Board of Directors.

- **Restricted Fund**

Represents restricted resources that are to be used as designated by the donor or as determined by the board.

- **General Fund**

Represents the Foundation's unrestricted revenue, which supports the programs, services, capital and research of Bloorview, and the Foundation's operations.

Revenue and expense recognition

Donation, pledge revenue and bequests are recognized as revenue in the appropriate fund when received. Fundraising event revenue and expenses are recognized in the respective fund in the year the event takes place.

As at March 31, 2008, the outstanding balance on all pledges was \$3,562,928, which is expected to be received over the next five years.

Investments and investment income

Investments are recorded at market value. Investment income represents interest, dividends and realized and unrealized gains and losses. Investment income earned on Endowment Fund or Restricted Fund resources, which must be spent on donor or board restricted activities, is recognized as revenue of the Restricted Fund. Investment income subject to donor or board restrictions stipulating that it be added to the principal amount of the endowment is recognized as revenue of the Endowment Fund. Unrestricted investment income is accrued as it is earned in the General Fund.

Equipment

Equipment is carried at cost and amortized on a straight-line basis over three to five years.

In accordance with CICA Handbook Section 3063, the Foundation reviews equipment assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds fair value. The impairment loss is measured as the extent to which the carrying value exceeds the fair value.

Donated services

The Foundation benefits from the services of volunteers, the fair value which is not reflected in these financial statements.

Bloorview Kids Foundation

Notes to Financial Statements

March 31, 2008

Financial instruments

The carrying values of accrued interest, other receivables, accounts payable and accrued liabilities and due to Bloorview approximate their fair value due to their short-term nature.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 Investments

The Foundation invests in a portfolio that is held for long-term investment purposes. The components of that portfolio are as follows:

	<u>Market</u>		<u>Cost</u>
	2008	2007	2007
	\$	\$	\$
Equities	6,550,141	7,597,869	6,072,038
Corporate bonds	2,744,317	2,794,965	2,714,195
Government bonds	4,700,107	4,540,576	4,444,555
Cash and treasury bills	1,748,877	446,775	436,339
	<u>15,743,442</u>	<u>15,380,185</u>	<u>13,667,127</u>

The government and corporate bonds mature as follows:

	Market
	\$
2009	198,774
2010	294,153
2011	619,932
2012	857,863
2013	677,160
2014	1,188,732
2015 and thereafter	3,607,810
	<u>7,444,424</u>

Bloorview Kids Foundation

Notes to Financial Statements

March 31, 2008

4 Special events - net

	2008			2007	
	Endowment Fund \$	Restricted Fund \$	General Fund \$	Restricted Fund \$	General Fund \$
Revenue	41,000	348,360	856,254	259,666	494,196
Expenses	-	4,001	164,779	1,347	91,742
	41,000	344,359	691,475	258,319	402,454

5 Related party transactions

Distributions to Bloorview include support for research, equipment, capital projects and special programs and services needed to assist patients, clients and families of Bloorview.

6 Interfund transfer

During the year, \$500,000 was transferred from the Restricted Fund to the Endowment Fund. These funds were raised through the "Help Us Defy Disability" campaign to support Bloorview's building fund, research institute, programs and services, education and equipment. The Board of Directors approved the transfer to establish a Chair in Childhood Disability Studies (previously known as Chair in Participation) for the Research Institute at Bloorview. To date, \$2,000,000 has been transferred for these purposes and an additional \$500,000 will be transferred from the Restricted Fund to the Endowment Fund for the same purpose in each of the next two years.

7 Commitments

The Board of Directors has approved the fiscal 2009 Business Plan, which includes total grants of \$3,238,323 to be distributed to Bloorview during the course of the year ending March 31, 2009.

8 Statement of cash flows

A statement of cash flows has not been presented, as the information is evident in the existing financial statements.