

Bloorview Kids Foundation

Financial Statements
March 31, 2010 and 2009

June 2, 2010

Auditors' Report

To the Members of Bloorview Kids Foundation

We have audited the statements of financial position of **Bloorview Kids Foundation** as at March 31, 2010 and 2009 and the statements of revenues, operating expenses, distributions and changes in fund balances for the years 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 audits.

We conducted our audits 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, 2010 and 2009 and the results of its operations, its fund balances and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

Bloorview Kids Foundation

Statements of Financial Position

As at March 31, 2010 and 2009

	2010 \$	2009 \$
Assets		
Current assets		
Cash	149,081	147,962
Accrued interest	318,913	301,953
Other receivables and prepaid expenses	124,321	42,008
	<u>592,315</u>	<u>491,923</u>
Investments (note 3)	60,682,603	48,800,079
Equipment - net of accumulated amortization of \$113,330 (2009 - \$102,252)	7,366	13,781
	<u>61,282,284</u>	<u>49,305,783</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	167,316	95,633
Deferred revenue	7,250	15,000
Due to Bloorview Kids Rehab	361,736	646,661
	<u>536,302</u>	<u>757,294</u>
Fund Balances		
Endowment Fund	47,649,320	34,923,574
Restricted Fund	2,680,912	2,264,801
General Fund	10,415,750	11,360,114
	<u>60,745,982</u>	<u>48,548,489</u>
	<u>61,282,284</u>	<u>49,305,783</u>

Commitments (note 6)

Approved by the Board of Directors

_____ Director

_____ Director

Bloorview Kids Foundation

Statements of Revenues, Operating Expenses, Distributions and Changes in Fund Balances For the years ended March 31, 2010 and 2009

				2010	2009
	Endowment Fund \$	Restricted Fund \$	General Fund \$	Total \$	Total \$
Revenues					
Donation and pledge revenue	5,299,045	2,692,627	1,929,138	9,920,810	3,269,611
Special events	13,561	209,513	906,484	1,129,558	1,350,554
Bequests	-	-	62,177	62,177	38,114
Realized investment income	1,129,630	2,520	331,923	1,464,073	892,917
	6,442,236	2,904,660	3,229,722	12,576,618	5,551,196
Operating expenses					
Salaries and benefits	-	-	1,548,234	1,548,234	1,181,068
Administration	304,167	5,596	177,132	486,895	461,969
Fundraising activities	-	3,320	268,905	272,225	407,907
	304,167	8,916	1,994,271	2,307,354	2,050,944
Excess of revenues over operating expenses before the undernoted	6,138,069	2,895,744	1,235,451	10,269,264	3,500,252
Distributions					
Bloorview Kids Rehab (note 4)					
Capital	-	1,495,000	-	1,495,000	1,720,210
Programs, Research and Education	49,479	244,093	2,881,125	3,174,697	3,422,596
	49,479	1,739,093	2,881,125	4,669,697	5,142,806
Other external organizations	-	250,000	775,000	1,025,000	205,773
	49,479	1,989,093	3,656,125	5,694,697	5,348,579
Excess (deficiency) of revenues over operating expenses and distributions before the undernoted	6,088,590	906,651	(2,420,674)	4,574,567	(1,848,327)
Unrealized gain (loss) on investments	6,137,155	9,461	1,476,310	7,622,926	(8,480,365)
Excess (deficiency) of revenues over operating expenses and distributions for the year	12,225,745	916,112	(944,364)	12,197,493	(10,328,692)
Fund balances - Beginning of year	34,923,575	2,264,800	11,360,114	48,548,489	58,877,181
Interfund transfer (note 5)	500,000	(500,000)	-	-	-
Fund balances - End of year	47,649,320	2,680,912	10,415,750	60,745,982	48,548,489

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Notes to Financial Statements

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1 Purpose of the Foundation and amalgamation

Bloorview Kids Foundation (the Foundation) generates, manages and distributes funds and/or the income therefrom, for the primary benefit of Bloorview Kids Rehab (Bloorview), which provides rehabilitation and habilitation services to children and young adults with disabilities and long-term needs. In exceptional situations and under Bloorview's direction, the Foundation grants funds to other registered charities for purposes that promote the objects of Bloorview.

On June 30, 2009, Bloorview Childrens Hospital Foundation and Bloorview Kids Foundation amalgamated to form the new Bloorview Kids Foundation, incorporated without share capital under the laws of the Province of Ontario and registered as a charity under Section 149(1) of the Income Tax Act. Bloorview Childrens Hospital Foundation and Bloorview Kids Foundation were originally incorporated without share capital under the laws of Ontario on December 31, 1982 and on January 29, 1992, respectively. While registered, the Foundation is exempt from income taxes and may issue tax deductible receipts to donors. Its registered charitable business number, issued by the Canada Revenue Agency, is 88932 6278 RR0001.

The amalgamation has been accounted for on a continuity of interests basis and as a result, the statements of financial position, statements of revenues, operating expenses, distributions and changes in fund balances have been prepared as though Bloorview Kids Foundation and Bloorview Childrens Hospital Foundation had been combined since their inception. Under this method, the assets and liabilities have been recorded at historical carrying values and the revenues, operating expenses, distributions and changes in fund balances are comprised of the results of Bloorview Kids Foundation and Bloorview Childrens Hospital Foundation.

2 Summary of significant accounting policies

The financial statements of the Foundation have been prepared in accordance with Canadian generally accepted accounting principles. The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements.

New accounting pronouncements

For financial statements relating to fiscal years beginning on or after January 1, 2009, specifically April 1, 2009 for the Foundation, the Foundation has adopted the following amendments from Section 4400 of The Canadian Institute of Chartered Accountants (CICA) Handbook, which resulted in additional disclosures:

- Section 4400, Financial Statement Presentation By Not-for-Profit Organizations

This standard includes the option to eliminate the requirement to separately disclose the amount of net assets invested in capital assets. The adoption of this standard has no impact on the financial statements of the Foundation.

Effective April 1, 2009, the Foundation adopted retrospectively the changes to the recommendations in CICA Handbook Section 4400, Financial Statement Presentation By Not-for-Profit Organizations, that requires revenues, specifically special events, be reported gross in the statements of revenues, operating expenses, distributions and changes in fund balances.

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- Section 4470, Disclosure of Allocated Expenses By Not-for-Profit Organizations

This standard requires disclosure of allocated expenses by not-for-profit organizations, which requires an organization to disclose its allocation policy if it classifies expenses by function and allocates some of its fundraising and general support costs to another function. The adoption of this standard has no impact on the financial statements of the Foundation.

- Section 1000, Financial Statement Concepts

This standard clarifies that items that do not meet the definition of an asset or a liability may not be recognized on the statement of financial position. The adoption of this standard has no impact on the financial statements of the Foundation.

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided.

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

- Endowment Fund

The Endowment Fund represents resources contributed for endowment, whereby either the donor or internal restrictions require the principal be maintained by the Foundation for a specified period of time, which is ten years or more. As a requirement of individual agreements or the Foundation's board approved endowment policy, an annual amount is added to the capital of the endowment, over time, equal to the price of inflation subject to Canada Revenue Agency disbursement and accumulation rules.

- Restricted Fund

The Restricted Fund represents restricted resources that are to be used as designated by the donor, as stipulated by the fundraising appeal, or as determined by the board.

- General Fund

The General Fund represents the Foundation's unrestricted revenue, which supports the programs, services, capital and research of Bloorview and the Foundation's fundraising and administrative activities.

Revenue and expense recognition

Contributions are recognized as revenues when received. Unrestricted contributions are recognized as revenue of the General Fund. Donor restricted contributions for specific purposes are recognized as revenue of the Restricted Fund unless the capital is to be maintained for a minimum of ten years, in which case the contributions are recognized as revenue of the Endowment Fund. Fundraising event revenues are recognized in the respective fund in the year the events take place.

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As at March 31, 2010, the outstanding balance on all pledges was \$18,448,057, which is expected to be received over the next seven years.

Investments and investment income

Investments, including investments denominated in a foreign currency, are recorded at fair value.

The Foundation is subject to market risk, foreign currency risk and interest rate price risk with respect to its investment portfolio. To manage these risks, the Foundation has policies and procedures that establish a target asset mix among investments. The Foundation's policies also require diversification of investments within categories and set limits on the exposure to individual investments.

Investment income represents interest, dividends and realized and unrealized gains and losses and is accrued as it is earned. Investment income and related expenses are recorded in the fund incurring the income and expense. As a result of the amalgamation of the foundations, the Board of Directors of Bloorview Kids Foundation directed an accounting policy change related to investment income. The outcome of the policy change results in an adjustment to the March 31, 2009 fund balances increasing the Endowment Fund balance by \$93,257 and decreasing the Restricted Fund balance by the same amount.

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 fair value.

Donated services

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

Financial instruments

Investments are classified as held-for-trading and are recorded at fair value. Transaction costs related to investments classified as held-for-trading are expensed as incurred. For certain of the Foundation's other financial instruments, including cash, accrued interest and other receivables and prepaid expenses (which are classified as loans and receivables), accounts payable and accrued liabilities and due to Bloorview (which are classified as other liabilities), their carrying values approximate their fair values due to their short-term maturities.

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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

Components of the portfolio are as follows:

	Fair value		Cost	
	2010 \$	2009 \$	2010 \$	2009 \$
Equities	30,019,837	20,764,256	30,401,841	28,716,899
Corporate bonds	14,605,655	11,111,287	13,993,475	11,199,694
Government bonds	14,883,792	15,752,349	14,712,142	14,931,538
Cash and treasury bills	1,173,319	1,172,187	1,173,211	1,173,085
	<u>60,682,603</u>	<u>48,800,079</u>	<u>60,280,669</u>	<u>56,021,216</u>

The government and corporate bonds mature as follows:

	\$
2011	549,928
2012	4,423,452
2013	3,607,541
2014	690,301
2015	2,339,638
2016	1,729,620
2017 and thereafter	<u>16,148,967</u>
	<u>29,489,447</u>

4 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.

5 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

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establish a Chair in Childhood Disability Studies (previously known as the Chair in Participation) for the Research Institute at Bloorview. The \$3,000,000 Chair has now been fully funded with this final transfer.

6 Commitments

The Board of Directors has approved the fiscal 2011 Business Plan, which includes as an objective, granting \$4,426,796 to Bloorview and an additional \$675,000 related to commitments to external organizations. In addition, the Foundation has committed to fund \$425,000 to external organizations in 2012.

7 Statement of cash flows

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

8 Capital management

The Foundation considers its capital to be its fund balances. This capital is invested to provide for the long-term preservation of the funds and short-term liquidity requirements of the Foundation in line with its overall objectives as set out in note 1. The investments are administered in line with the investment policy as established by the Board of the Foundation. The Foundation also has external restrictions in connection with certain of its funds. These restrictions are monitored and the Foundation is currently of the view that it is in compliance with these external restrictions.