

**Holland Bloorview Kids  
Rehabilitation Hospital Foundation**

Financial Statements  
**March 31, 2011**

June 1, 2011

## **Independent Auditor's Report**

### **To the Members of Holland Bloorview Kids Rehabilitation Hospital Foundation**

We have audited the accompanying financial statements of Holland Bloorview Kids Rehabilitation Hospital Foundation, which comprise the statement of financial position as at March 31, 2011 and the statement of revenues, operating expenses, distributions and changes in fund balances for the year then ended, and the related notes including a summary of significant accounting policies.

#### **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.

#### **Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit 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 the auditor's 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, the auditor considers 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 opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Holland Bloorview Kids Rehabilitation Hospital Foundation as at March 31, 2011 and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*PricewaterhouseCoopers LLP*

Chartered Accountants, Licensed Public Accountants

# Holland Bloorview Kids Rehabilitation Hospital Foundation

## Statement of Financial Position

As at March 31, 2011

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	2011 \$	2010 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	1,075,862	149,081
Accrued interest	336,435	318,913
Other receivables and prepaid expenses	368,987	124,321
	<u>1,781,284</u>	<u>592,315</u>
<b>Investments</b> (note 3)	66,866,329	60,682,603
<b>Equipment</b> - net of accumulated amortization of \$122,609 (2010 - \$113,330)	10,615	7,366
	<u>68,658,228</u>	<u>61,282,284</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	233,431	167,316
Deferred revenue	41,699	7,250
Due to Holland Bloorview Kids Rehabilitation Hospital (note 4)	421,513	361,736
	<u>696,643</u>	<u>536,302</u>
<b>Fund Balances</b>		
<b>Endowment Fund</b>	54,694,897	47,649,320
<b>Restricted Fund</b>	2,904,544	2,680,912
<b>General Fund</b>	10,362,144	10,415,750
	<u>67,961,585</u>	<u>60,745,982</u>
	<u>68,658,228</u>	<u>61,282,284</u>
<b>Commitments</b> (note 6)		

Approved by the Board of Directors

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Holland Bloorview Kids Rehabilitation Hospital Foundation

## Statement of Revenues, Operating Expenses, Distributions and Changes in Fund Balances For the year ended March 31, 2011

				2011	2010
	Endowment Fund \$	Restricted Fund \$	General Fund \$	Total \$	Total \$
<b>Revenues</b>					
Donation revenue	4,131,146	1,525,063	2,006,335	7,662,544	9,920,810
Special events	131,880	324,924	969,952	1,426,756	1,129,558
Bequests	-	-	138,679	138,679	62,177
Realized investment income	2,899,601	29,750	515,181	3,444,532	1,464,073
	<u>7,162,627</u>	<u>1,879,737</u>	<u>3,630,147</u>	<u>12,672,511</u>	<u>12,576,618</u>
<b>Operating expenses</b>					
Salaries and benefits	-	-	1,630,030	1,630,030	1,548,234
Administration	121,573	3,235	675,807	800,615	486,895
Fundraising activities	17,140	21,977	124,957	164,074	272,225
	<u>138,713</u>	<u>25,212</u>	<u>2,430,794</u>	<u>2,594,719</u>	<u>2,307,354</u>
<b>Excess of revenues over operating expenses before the undernoted</b>	<u>7,023,914</u>	<u>1,854,525</u>	<u>1,199,353</u>	<u>10,077,792</u>	<u>10,269,264</u>
<b>Distributions</b>					
Holland Bloorview Kids Rehabilitation Hospital (note 4)					
Capital	-	339,500	-	339,500	1,495,000
Programs, Research and Education	1,703,628	1,065,307	1,384,342	4,153,277	3,174,697
	<u>1,703,628</u>	<u>1,404,807</u>	<u>1,384,342</u>	<u>4,492,777</u>	<u>4,669,697</u>
Other external organizations	-	250,000	424,999	674,999	1,025,000
	<u>1,703,628</u>	<u>1,654,807</u>	<u>1,809,341</u>	<u>5,167,776</u>	<u>5,694,697</u>
<b>Excess (deficiency) of revenues over operating expenses and distributions before the undernoted</b>	<u>5,320,286</u>	<u>199,718</u>	<u>(609,988)</u>	<u>4,910,016</u>	<u>4,574,567</u>
<b>Unrealized gain on investments</b>	<u>1,957,198</u>	<u>27,207</u>	<u>321,182</u>	<u>2,305,587</u>	<u>7,622,926</u>
<b>Excess (deficiency) of revenues over operating expenses and distributions for the year</b>	<u>7,277,484</u>	<u>226,925</u>	<u>(288,806)</u>	<u>7,215,603</u>	<u>12,197,493</u>
<b>Fund balances - Beginning of year</b>	47,649,320	2,680,912	10,415,750	60,745,982	48,548,489
<b>Interfund transfers (note 5)</b>	(231,907)	(3,293)	235,200	-	-
<b>Fund balances - End of year</b>	<u>54,694,897</u>	<u>2,904,544</u>	<u>10,362,144</u>	<u>67,961,585</u>	<u>60,745,982</u>

# Holland Bloorview Kids Rehabilitation Hospital Foundation

Notes to Financial Statements

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## 1 Nature of operations, name change and amalgamation

Holland Bloorview Kids Rehabilitation Hospital Foundation (the Foundation) changed its name from Bloorview Kids Foundation on June 1, 2010. The Foundation continues to generate, manage and distribute funds and/or the income therefrom, for the primary benefit of Holland Bloorview Kids Rehabilitation Hospital (Holland Bloorview), which provides rehabilitation and habilitation services to children and young adults with disabilities and long-term needs. In exceptional situations, and under Holland Bloorview's direction, the Foundation grants funds to other registered charities for purposes that promote the objects of Holland Bloorview.

The Foundation is incorporated without share capital under the laws of the Province of Ontario and is registered as a charity under Section 149(1) of the Income Tax Act. 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.

On June 30, 2009, Bloorview Childrens Hospital Foundation and Bloorview Kids Foundation originally incorporated without share capital under the laws of the Province of Ontario on December 31, 1982 and on January 29, 1992, respectively, amalgamated to form the new Bloorview Kids Foundation. The amalgamation was accounted for on a continuity of interests basis and as a result, the statement of financial position and statement of revenues, operating expenses, distributions and changes in fund balances were prepared as though Bloorview Kids Foundation and Bloorview Childrens Hospital Foundation had been combined since their inception.

## 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.

### **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:

# Holland Bloorview Kids Rehabilitation Hospital Foundation

Notes to Financial Statements

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- 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 Holland 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. Operating expenses are recorded in the General Fund unless they are incurred to raise restricted or endowed revenue.

As at March 31, 2011, the outstanding balance on all pledges was \$21,948,694, which is expected to be received over the next ten 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.

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## Equipment

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

In accordance with The Canadian Institute of Chartered Accountants Handbook Section 3063, the Foundation reviews equipment 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 Holland Bloorview (which are classified as other liabilities), their carrying values approximate their fair values due to their short-term maturities.

## 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.

## New accounting pronouncements

In December 2010, the Canadian Accounting Standards Board issued a comprehensive set of accounting standards applicable to not-for-profit organizations. The standards are effective for fiscal years beginning on or after January 1, 2012 and require retrospective application, except for certain exemptions and exceptions contained within the standards. Early adoption of the standards is permitted. The Foundation is currently considering the impact of the adoption of these standards.

# Holland Bloorview Kids Rehabilitation Hospital Foundation

Notes to Financial Statements

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## 3 Investments

Components of the portfolio are as follows:

	2011		2010	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Equities	32,842,672	30,866,050	30,019,837	30,401,841
Corporate bonds	13,711,321	13,208,469	14,605,655	13,993,475
Government bonds	19,096,856	18,870,679	14,883,792	14,712,142
Cash and treasury bills	1,215,480	1,213,738	1,173,319	1,173,211
	<u>66,866,329</u>	<u>64,158,936</u>	<u>60,682,603</u>	<u>60,280,669</u>

The government and corporate bonds mature in the following calendar years:

	\$
2011	770,377
2012	2,134,218
2013	4,699,437
2014	1,485,248
2015	1,470,059
2016 and thereafter	<u>22,248,838</u>
	<u>32,808,177</u>

## 4 Related party transactions

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

The balance due to Holland Bloorview is unsecured, repayable on demand and bears no interest.

## 5 Interfund transfers

Interfund transfers represent an allocation of 0.5% from income earned on endowments and on restricted funds invested temporarily pursuant to donor agreements, transferred from the Endowment and Restricted Funds to the General Fund in accordance with Foundation policies.

## 6 Commitments

The Board of Directors has approved the fiscal 2012 Business Plan, which includes as an objective, granting \$3,911,088 to Holland Bloorview and an additional \$425,000 related to commitments to external organizations.

# **Holland Bloorview Kids Rehabilitation Hospital Foundation**

Notes to Financial Statements

**March 31, 2011**

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## **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.