Financial Statements of

HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Year ended March 31, 2018
INDEPENDENT AUDITORS' REPORT

To the Members of Holland Bloorview Kids Rehabilitation Hospital

Report on the Financial Statements

We have audited the accompanying financial statements of Holland Bloorview Kids Rehabilitation Hospital, which comprise the statement of financial position as at March 31, 2018, the statements of revenue and expenses, changes in net assets, remeasurement gains and losses 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 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 our 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, we consider 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 as at March 31, 2018, and its results of operations, its changes in net assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 6, 2018
Vaughan, Canada
# HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Financial Position

March 31, 2018, with comparative information for 2017

## Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,107,770</td>
<td>$6,285,230</td>
</tr>
<tr>
<td>Due from the Ministry of Health and Long-term Care</td>
<td>756,949</td>
<td>709,837</td>
</tr>
<tr>
<td>Accounts receivable (note 2)</td>
<td>3,357,025</td>
<td>5,543,793</td>
</tr>
<tr>
<td>Other assets</td>
<td>159,530</td>
<td>179,807</td>
</tr>
<tr>
<td>Due from related parties (note 9)</td>
<td>1,068,079</td>
<td>1,479,769</td>
</tr>
<tr>
<td></td>
<td>$13,449,353</td>
<td>$14,198,436</td>
</tr>
<tr>
<td><strong>Investments (note 3)</strong></td>
<td>46,574,135</td>
<td>45,206,229</td>
</tr>
<tr>
<td>Property, plant and equipment (note 4)</td>
<td>73,932,909</td>
<td>73,670,756</td>
</tr>
<tr>
<td></td>
<td>$133,956,397</td>
<td>$133,075,421</td>
</tr>
</tbody>
</table>

## Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (note 5)</td>
<td>$13,576,901</td>
<td>$12,382,381</td>
</tr>
<tr>
<td>Due to the Ministry of Health and Long-term Care</td>
<td>542,260</td>
<td>387,554</td>
</tr>
<tr>
<td></td>
<td>$14,119,161</td>
<td>$12,769,935</td>
</tr>
<tr>
<td>Deferred contributions (note 6)</td>
<td>7,882,962</td>
<td>7,645,836</td>
</tr>
<tr>
<td>Deferred capital grants - spent and unamortized (note 7)</td>
<td>64,377,415</td>
<td>64,415,199</td>
</tr>
<tr>
<td>Deferred capital grants and donations - unspent (note 8)</td>
<td>14,099,777</td>
<td>14,468,158</td>
</tr>
<tr>
<td></td>
<td>100,479,315</td>
<td>99,299,128</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated operating surplus</td>
<td>25,683,145</td>
<td>25,454,455</td>
</tr>
<tr>
<td>Accumulated remeasurement gains</td>
<td>7,793,937</td>
<td>8,321,838</td>
</tr>
<tr>
<td></td>
<td>33,477,082</td>
<td>33,776,293</td>
</tr>
<tr>
<td></td>
<td>$133,956,397</td>
<td>$133,075,421</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

Approved by the Board of Trustees:

__________________________  Trustee  ____________________________  Trustee
HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Revenue and Expenses

Year ended March 31, 2018 with comparative information for 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Province of Ontario</td>
<td>$ 60,644,038</td>
<td>$ 59,283,274</td>
</tr>
<tr>
<td>Client services and other</td>
<td>14,735,911</td>
<td>15,488,891</td>
</tr>
<tr>
<td>Foundation grants and donations (note 9)</td>
<td>9,057,823</td>
<td>8,058,474</td>
</tr>
<tr>
<td>Other operating grants</td>
<td>6,711,809</td>
<td>6,130,149</td>
</tr>
<tr>
<td>Investment income - net</td>
<td>2,122,983</td>
<td>1,276,898</td>
</tr>
<tr>
<td>Amortization of deferred capital grants and donations</td>
<td>979,160</td>
<td>924,351</td>
</tr>
<tr>
<td></td>
<td><strong>94,251,724</strong></td>
<td><strong>91,162,037</strong></td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>72,494,782</td>
<td>67,896,757</td>
</tr>
<tr>
<td>Supplies and other (note 11)</td>
<td>19,237,219</td>
<td>20,541,174</td>
</tr>
<tr>
<td>Amortization of furniture and equipment</td>
<td>1,804,876</td>
<td>1,808,843</td>
</tr>
<tr>
<td></td>
<td><strong>93,536,877</strong></td>
<td><strong>90,246,774</strong></td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses before undernoted items</strong></td>
<td>714,847</td>
<td>915,263</td>
</tr>
<tr>
<td>Amortization of deferred capital grants and donations related to building and building equipment</td>
<td>2,717,581</td>
<td>2,701,344</td>
</tr>
<tr>
<td>Amortization of building and building equipment</td>
<td>(3,267,917)</td>
<td>(3,212,350)</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses</strong></td>
<td><strong>$ 164,511</strong></td>
<td><strong>$ 404,257</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment in property, plant and equipment</td>
<td>Restricted for endowments</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$ 9,255,557</td>
<td>$ 1,557,329</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses before undernoted items</td>
<td>(825,716)</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of building and building equipment</td>
<td>(3,267,917)</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of deferred capital grants and donations related to building and building equipment</td>
<td>2,717,581</td>
<td>–</td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses for the year</td>
<td>(1,376,052)</td>
<td>–</td>
</tr>
<tr>
<td>Net purchase of property, plant and equipment</td>
<td>5,334,946</td>
<td>–</td>
</tr>
<tr>
<td>Amounts funded by deferred capital grants and donations</td>
<td>(3,658,957)</td>
<td>–</td>
</tr>
<tr>
<td>Net change in investment in property, plant and equipment</td>
<td>1,675,989</td>
<td>–</td>
</tr>
<tr>
<td>Contributions - net of expenses</td>
<td>–</td>
<td>64,179</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 9,555,494</td>
<td>$ 1,621,508</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Remeasurement Gains and Losses

Year ended March 31, 2018, with comparative information for 2017

<table>
<thead>
<tr>
<th></th>
<th>Investment in property, plant and equipment</th>
<th>Restricted for property and building redevelopment</th>
<th>Unrestricted</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated remeasurement gains, beginning of year</td>
<td>$ –</td>
<td>$ 941,976</td>
<td>$ 1,673,749</td>
<td>$ 5,706,113</td>
<td>$ 8,321,838</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>–</td>
<td>(127,223)</td>
<td>(114,607)</td>
<td>(286,071)</td>
<td>(527,901)</td>
</tr>
<tr>
<td>Unrealized gains on available for sale financial assets</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Accumulated remeasurement gains, end of year</td>
<td>$ –</td>
<td>$ 814,753</td>
<td>$ 1,559,142</td>
<td>$ 5,420,042</td>
<td>$ 7,793,937</td>
</tr>
</tbody>
</table>

Summary by fund:

Accumulated operating surplus | $ 9,555,494 | $ 1,621,508 | $ 4,081,708 | $ 10,424,435 | $ 25,683,145 | $ 25,454,455 |

Accumulated remeasurement gains | – | 814,753 | 1,559,142 | 5,420,042 | 7,793,937 | 8,321,838 |

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating surplus</td>
<td>$ 9,555,494</td>
<td>$ 2,436,261</td>
</tr>
<tr>
<td>Total remeasurement gains</td>
<td>$ 5,640,850</td>
<td>$ 15,844,477</td>
</tr>
<tr>
<td>Total</td>
<td>$ 33,477,082</td>
<td>$ 33,776,293</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
HOLAND BLOORVIEW KIDS REHABILITATION HOSPITAL

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by (used in):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$ 164,511</td>
<td>$ 404,257</td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of property, plant and equipment</td>
<td>5,072,793</td>
<td>5,021,193</td>
</tr>
<tr>
<td>Amortization of deferred capital grants and donations</td>
<td>(3,696,741)</td>
<td>(3,625,695)</td>
</tr>
<tr>
<td>Change in non-cash operating working capital (note 14)</td>
<td>3,920,849</td>
<td>(1,025,315)</td>
</tr>
<tr>
<td></td>
<td>5,461,412</td>
<td>774,440</td>
</tr>
<tr>
<td>Investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments - net</td>
<td>(2,429,714)</td>
<td>(1,014,341)</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(5,334,946)</td>
<td>(1,331,229)</td>
</tr>
<tr>
<td></td>
<td>(7,764,660)</td>
<td>(2,345,570)</td>
</tr>
<tr>
<td>Financing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital grants and donations received</td>
<td>3,824,483</td>
<td>810,943</td>
</tr>
<tr>
<td>Deferred contributions</td>
<td>237,126</td>
<td>1,005,221</td>
</tr>
<tr>
<td>Endowment contributions received, net of expenses</td>
<td>64,179</td>
<td>36,691</td>
</tr>
<tr>
<td></td>
<td>4,125,788</td>
<td>1,852,855</td>
</tr>
<tr>
<td>Increase in cash and cash equivalents</td>
<td>1,822,540</td>
<td>281,725</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>6,285,230</td>
<td>6,003,505</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
<td>$ 8,107,770</td>
<td>$ 6,285,230</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Holland Bloorview Kids Rehabilitation Hospital ("Holland Bloorview") is Canada's largest children's rehabilitation teaching hospital, fully affiliated with the University of Toronto.

Holland Bloorview was incorporated without share capital under the laws of Ontario and is registered as a charitable organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

Under the Health Insurance Act (Ontario) and the Local Health System Integration Act 2006, Holland Bloorview is funded primarily by the Province of Ontario through the Ministry of Health and Long-Term Care (the "MOHLTC") and in accordance with budget arrangements established by Toronto Central Local Health Integration Network ("TC LHIN"). These financial statements reflect agreed funding arrangements approved by the TC LHIN with respect to the year ended March 31, 2018.

1. **Significant accounting policies:**

   (a) Basis of accounting and presentation:

   The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS"), including standards that apply to government not-for-profit organizations. The financial statements reflect the total services of Holland Bloorview, which include clinical, educational and research activities for children and youth with disabilities. The financial statements do not include the assets, liabilities, operations and cash flows of Holland Bloorview Kids Rehabilitation Hospital Foundation (the "Foundation"), which is a separate entity.

   (b) Cash and cash equivalents:

   Cash and cash equivalents include cash on hand and short-term investments. Short-term investments are highly liquid, with original maturities of less than three months.

   (c) Revenue recognition:

   Holland Bloorview follows the deferral method of accounting for contributions.
1. Significant accounting policies (continued):

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued to offset incurred expenses.

Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions other than endowment contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Endowment contributions are recognized as direct increases in endowment net assets when received.

Revenue from all other sources is recognized when the services are provided.

Investments comprise funds invested in externally managed balanced pooled funds. Income distributions from these pooled funds and realized gains and losses, net of fees are recognized in investment income in the statement of revenue and expenses.

Investment income, both realized and unrealized, is attributed to unspent deferred capital grants where there is either an implicit or explicit restriction on income.

(d) Property, plant and equipment:

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Costs incurred that substantially increase the useful lives of existing property, plant and equipment are capitalized. Costs to maintain normal operating efficiency are expensed as incurred.

Property, plant and equipment are amortized on a straight-line basis over their useful lives as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>5 - 20 years</td>
</tr>
<tr>
<td>Building equipment</td>
<td>5 - 40 years</td>
</tr>
<tr>
<td>Building</td>
<td>40 years</td>
</tr>
<tr>
<td>Software</td>
<td>5 years</td>
</tr>
</tbody>
</table>
1. Significant accounting policies (continued):

   In accordance with PSAS, Holland Bloorview reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable and exceeds its fair value. The impairment loss is measured as the extent to which the carrying amount exceeds the fair value.

   (e) Deferred capital grants and donations:

   Capital grants and donations received as funding for property, plant and equipment additions are initially deferred and realized in revenue on the same basis as the amortization of the cost of the related property, plant and equipment.

   (f) Restricted net assets for endowment:

   All of the net assets restricted for endowment purposes are subject to externally imposed restrictions, stipulating that the principal be maintained intact. Investment income earned on resources restricted for endowments is reported in the restricted for endowments fund or the unrestricted fund, depending on the nature of any restrictions imposed by contributors of funds for endowment.

   (g) Use of estimates:

   The preparation of financial statements 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 revenue and expenses during the reporting year.

   Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable and property, plant and equipment. Actual results could differ from those estimates.

   (h) Contributed services and materials:

   A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.
1. Significant accounting policies (continued):

   (i) Financial instruments:

   Financial instruments are recorded at fair value on initial recognition. Financial instruments, such as cash and cash equivalents and investments are reported at fair value. All other financial instruments, including accounts receivable, due from the MOHLTC, due from related parties, accounts payable and accrued liabilities and due to the MOHLTC, are recorded at amortized cost.

   Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of revenue and expenses.

   All financial assets are assessed for impairment on an annual basis. When a decline in value is determined to be other than temporary, the amount of loss is reported in the statement of revenue and expenses.

   The standards require Holland Bloorview to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

   - Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities;
   - Level 2 - observable or corroborated inputs, other than Level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
   - Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

2. Accounts receivable:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable</td>
<td>$ 3,588,461</td>
<td>$ 5,744,503</td>
</tr>
<tr>
<td>Less allowance for doubtful accounts</td>
<td>231,436</td>
<td>200,710</td>
</tr>
<tr>
<td></td>
<td>$ 3,357,025</td>
<td>$ 5,543,793</td>
</tr>
</tbody>
</table>
3. **Investments:**

Investments are carried at fair value and consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2018 Level 1</th>
<th>2018 Level 2</th>
<th>2018 Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced Pooled Funds</td>
<td>$46,049,135</td>
<td>$-</td>
<td>$525,000</td>
<td>$46,574,135</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017 Level 1</th>
<th>2017 Level 2</th>
<th>2017 Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced Pooled Funds</td>
<td>$44,881,229</td>
<td>$-</td>
<td>$325,000</td>
<td>$45,206,229</td>
</tr>
</tbody>
</table>

4. **Property, plant and equipment:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$138,478</td>
<td>$-</td>
<td>$138,478</td>
<td>$138,478</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>25,806,292</td>
<td>20,950,299</td>
<td>4,855,993</td>
<td>4,614,481</td>
</tr>
<tr>
<td>Building equipment</td>
<td>20,390,307</td>
<td>12,903,628</td>
<td>7,486,679</td>
<td>6,053,152</td>
</tr>
<tr>
<td>Building</td>
<td>85,741,131</td>
<td>26,052,325</td>
<td>59,688,806</td>
<td>61,897,254</td>
</tr>
<tr>
<td>Software</td>
<td>8,297,781</td>
<td>6,534,828</td>
<td>1,762,953</td>
<td>967,391</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Total</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$140,373,989</td>
<td>$66,441,080</td>
<td>$73,932,909</td>
<td>$73,670,756</td>
</tr>
</tbody>
</table>

During the year, Holland Bloorview wrote off $522,963 (2017 - nil) of fully amortized assets.

**Building redevelopment:**

Holland Bloorview completed construction of a new facility at a final cost of $107 million in 2007. In connection with this redevelopment project, there was $713,376 (2017 - $713,376) in outstanding letters of credit as at March 31, 2018. These letters of credit will expire in fiscal 2019.
5. **Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities are government remittances payable of $1,086,909 (2017 - $1,679,528), which includes amounts payable for harmonized sales tax and payroll-related taxes.

6. **Deferred contributions:**

Deferred contributions represent unspent externally restricted grants and donations for research and other purposes.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$ 7,645,836</td>
<td>$ 6,640,615</td>
</tr>
<tr>
<td>Amounts received or receivable</td>
<td>19,132,052</td>
<td>26,364,710</td>
</tr>
<tr>
<td>Amounts recognized as revenue</td>
<td>(18,894,926)</td>
<td>(25,359,489)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 7,882,962</td>
<td>$ 7,645,836</td>
</tr>
</tbody>
</table>

7. **Deferred capital grants and donations - spent and unamortized:**

Deferred capital grants and donations represent the spent and unamortized amount for the purchase of property, plant and equipment. The amortization of capital grants and donations is recorded as revenue in the statement of revenue and expenses.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$ 64,415,199</td>
<td>$ 67,387,380</td>
</tr>
<tr>
<td>Capital grants and donations received</td>
<td>3,658,957</td>
<td>653,514</td>
</tr>
<tr>
<td>Amortization of deferred capital grants and donations</td>
<td>(3,696,741)</td>
<td>(3,625,695)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 64,377,415</td>
<td>$ 64,415,199</td>
</tr>
</tbody>
</table>
8. Deferred capital grants and donations - unspent:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$14,468,158</td>
<td>$13,021,669</td>
</tr>
<tr>
<td>Capital gains reinvested</td>
<td>165,526</td>
<td>157,429</td>
</tr>
<tr>
<td>Unrealized remeasurement gain (loss)</td>
<td>(533,907)</td>
<td>1,289,060</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td><strong>$14,099,777</strong></td>
<td><strong>$14,468,158</strong></td>
</tr>
</tbody>
</table>

Cumulative remeasurement gains as at March 31, 2018 totalled $3,627,118 (2017 - $4,161,025).

9. Related party transactions:

The Foundation is an independent corporation without share capital which has its own board of directors. The Foundation was established to raise funds to support Holland Bloorview and its programs and capital needs. The Foundation is responsible for fundraising activities carried out on behalf of Holland Bloorview and donations or bequests made to Holland Bloorview are recorded as revenue by the Foundation.

During the year, the Foundation granted $9,307,230 (2017 - $8,402,662) to Holland Bloorview to fund programs and capital expenditures. The balance due from the Foundation of $1,068,079 (2017 - $1,479,769) comprises grants payable and operating expenses paid by Holland Bloorview on behalf of the Foundation. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties.

10. Pension plan:

Substantially all of the employees at Holland Bloorview are members of the Healthcare of Ontario Pension Plan, which is a defined benefit multi-employer contributory pension plan. The plan is accounted for as a defined contribution plan. Employer contributions made to the plan during the year by Holland Bloorview amounted to $4,716,262 (2017 - $4,322,802). These amounts are included in salaries and benefits expenses in the statement of revenue and expenses. The most recent actuarial valuation of the plan as at December 31, 2016 indicated the plan was fully funded on a solvency basis.
11. Centralized equipment pool:

Holland Bloorview is responsible for administering the provincial program that provides equipment on loan or lease as communication aids for people with disabilities. This equipment is accounted for in a manner similar to the treatment of prescription drugs and is expensed when prescribed. The amount charged to supplies and other expenses in the statement of revenue and expenses for the purchase of equipment for lease is $2,792,092 (2017 - $3,495,015). These costs are funded by the MOHLTC.

12. Contingent liability:

Holland Bloorview is a member of the Healthcare Insurance Reciprocal of Canada ("HIROC") and, therefore, has an economic interest in HIROC. HIROC is a pooling of the public liability insurance risks of its hospital members. All members of the HIROC pool pay annual premiums, which are actuarially determined, and are subject to assessment for losses in excess of such premiums, if any, experienced by the pool for the years in which they were a member. No such assessments have been made for the year ended March 31, 2018.

13. Financial risks and concentration of risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations, resulting in a financial loss. Holland Bloorview is exposed to credit risk in the event of non-payment by patients for non-insured services and services provided to non-resident patients. The risk is common to hospitals as they are required to provide care for patients regardless of their ability to pay for services provided.

Holland Bloorview assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure of credit risk to Holland Bloorview at March 31, 2018 is the carrying value of these assets.
13. Financial risks and concentration of risk (continued):

(b) Market risk:

Market risk is the risk that the fair value of financial instruments or future cash flows associated with financial instruments fluctuate because of changes in market prices other than those arising from interest rate risk. Holland Bloorview is exposed to market risk through its investments.

As at March 31, 2018, Holland Bloorview's total exposure to other market risk is $46,574,135. Holland Bloorview's estimate of the effect on net assets as at March 31, 2018 due to a 5% increase or decrease in the fair value of investments, with all other variables held constant, would approximately amount to an increase or decrease of $2,328,707. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

(c) Interest rate risk:

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Holland Bloorview is exposed to interest rate risk as a result of cash balances. As at March 31, 2018, Holland Bloorview's estimate of the exposure to interest rate risk and the effect on net assets is not material.

14. Statement of cash flows:

Change in non-cash operating working capital related to operations is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from the MOHLTC</td>
<td>$(47,112)</td>
<td>$(57,291)</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,186,768</td>
<td>(3,010,129)</td>
</tr>
<tr>
<td>Other assets</td>
<td>20,277</td>
<td>35,169</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>411,690</td>
<td>(787,818)</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>1,194,520</td>
<td>2,903,473</td>
</tr>
<tr>
<td>Due to the MOHLTC</td>
<td>154,706</td>
<td>(108,719)</td>
</tr>
<tr>
<td></td>
<td>$ 3,920,849</td>
<td>$(1,025,315)</td>
</tr>
</tbody>
</table>
15. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.