

Financial Statements of

**HOLLAND BLOORVIEW KIDS  
REHABILITATION HOSPITAL  
FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019



Page 2

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

# HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

## Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 76,759	\$ 153,982
Accrued interest	314,341	344,732
Fundraising and pledges receivable	965,219	298,285
Other receivables and prepaid expenses	87,458	89,235
	<u>1,443,777</u>	<u>886,234</u>
Investments (note 2)	97,516,094	98,749,352
Equipment, net of accumulated amortization of \$205,073 (2018 - \$196,593)	9,460	6,824
	<u>\$ 98,969,331</u>	<u>\$ 99,642,410</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 260,538	\$ 198,021
Due to Holland Bloorview Kids Rehabilitation Hospital (note 3)	723,190	1,068,079
Deferred revenue	-	32,971
	<u>983,728</u>	<u>1,299,071</u>
Fund balances:		
Endowment Fund	85,742,400	86,276,630
Restricted Fund	9,526,416	7,254,615
General Fund	2,716,787	4,812,094
	<u>97,985,603</u>	<u>98,343,339</u>
Commitments (note 5)		
	<u>\$ 98,969,331</u>	<u>\$ 99,642,410</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (357,736)	\$ (958,550)
Items not affecting cash:		
Amortization of equipment	8,480	4,775
Unrealized loss (gain) on investments	(479,342)	345,851
Change in non-cash operating working capital:		
Accrued interest	30,391	(1,960)
Fundraising and pledges receivable	(666,934)	124,104
Other receivables and prepaid expenses	1,777	38,280
Accounts payable and accrued liabilities	62,517	(97,772)
Due to Holland Bloorview Kids Rehabilitation Hospital	(344,889)	(411,690)
Deferred revenue	(32,971)	30,751
	(1,778,707)	(926,211)
Investing activities:		
Investments, net	1,712,600	706,010
Additions to equipment	(11,116)	(6,144)
	1,701,484	699,866
Decrease in cash	(77,223)	(226,345)
Cash, beginning of year	153,982	380,327
Cash, end of year	\$ 76,759	\$ 153,982

See accompanying notes to financial statements.

# HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

---

## 1. Significant accounting policies (continued):

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

### (i) 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 10 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.

### (ii) 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 of Directors.

### (iii) 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.

## (b) Revenue and expense recognition:

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donor-restricted contributions for specific purposes are recognized as revenue of the Restricted Fund in the year in which the contributions are received unless the capital is to be maintained for a minimum of 10 years, in which case the contributions are recognized as revenue of the Endowment Fund. Fundraising event revenue are recognized in the respective fund in the year the events take place.

Pledges made and collectible are recognized as revenue when the amount to be received can be reasonably estimated and collection is reasonably assured.

# HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

---

## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Investments in equity instruments that are quoted in an active market are recorded at fair value. The Foundation has elected to carry investments in corporate bonds, government bonds and treasury bills at fair value. Changes in fair value are recorded in the statement of revenue, expenses, distributions and changes in fund balances. Transaction costs related to such investments are expensed as incurred.

### (f) 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# HOLLAND BLOORVIEW KIDS REHABILITATION HOSPITAL FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

---

## **3. 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, is repayable on demand and bears no interest.

## **4. 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, plus 5.0% of all new donations received with donor restrictions regarding their designated use, transferred from the Endowment and Restricted Funds to the General Fund in accordance with Foundation policies.

The approved fiscal 2019 - 2020 Business Plan includes a provision to increase these allocation rates to 1.0% and 10.0% respectively.

## **5. Commitments:**

The Board of Directors has approved the fiscal 2019 Business Plan, which includes, as an objective, granting \$12,094,027 (2018 - \$11,572,795) to Holland Bloorview.

## **6. Comparative information:**

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