

Financial Statements of

BRIDGEPOINT HEALTH FOUNDATION

March 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Members of Bridgepoint Health Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Bridgepoint Health Foundation, which comprise the statement of financial position as at March 31, 2011, the statements of operations, changes in fund balances 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 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.

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.



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Opinion

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

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 accounting standards for non-for-profit organizations have been applied, after giving retrospective effect to the change in accounting policy as explained in note 1 to the financial statements, on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 23, 2011
Toronto, Canada

BRIDGEPOINT HEALTH FOUNDATION

Statement of Financial Position

March 31, 2011 with comparative information for March 31, 2010 and April 1, 2009

	March 31 2011	March 31 2010 (Note 1)	April 1 2009 (Note 1)
Assets			
Cash	\$ 104,482	\$ 141,555	\$ 95,847
Investments (note 3)	16,612,063	18,030,716	18,147,561
Other current assets	156,481	189,156	126,300
	<u>\$ 16,873,026</u>	<u>\$ 18,361,427</u>	<u>\$ 18,369,708</u>
Liabilities and Fund Balances			
Accrued liabilities	\$ 231,449	\$ 72,836	\$ 154,286
Deferred revenue	265,981	183,113	210,275
Due to related entities (note 6)	686,531	1,969,970	2,377,676
	<u>1,183,961</u>	<u>2,225,919</u>	<u>2,742,237</u>
Fund balances (note 5)			
Endowed	3,324,083	3,255,682	-
Restricted	12,426,777	12,261,311	15,565,279
Unrestricted	(61,795)	618,515	62,192
	<u>15,689,065</u>	<u>16,135,508</u>	<u>15,627,471</u>
	<u>\$ 16,873,026</u>	<u>\$ 18,361,427</u>	<u>\$ 18,369,708</u>

See accompanying notes to financial statements.

Approved by the Board:

Director



Director



BRIDGEPOINT HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2011 with comparative information for 2010

	2011			Total	2010 Total (Note 1)
	Endowed	Restricted	Unrestricted		
Revenue:					
Donations	\$ 3,735	\$ 1,424,484	\$ 98,938	\$ 1,527,157	\$ 1,403,028
Investment income (note 3)	187,626	720,889	26,608	935,123	3,053,574
Events	-	-	583,012	583,012	590,857
Other	-	-	-	-	158,918
	191,361	2,145,373	708,558	3,045,292	5,206,377
Expenses:					
Fundraising	-	870,928	-	870,928	1,118,622
Investment fees	17,460	75,585	2,905	95,950	139,534
Administration	-	-	1,019,036	1,019,036	523,456
Events	-	-	360,037	360,037	390,007
Other	-	-	-	-	153,038
	17,460	946,513	1,381,978	2,345,951	2,324,657
Excess (deficiency) of revenue over expenses	173,901	1,198,860	(673,420)	699,341	2,881,720
Grants (note 4)	-	(1,134,554)	(11,230)	(1,145,784)	(2,373,683)
Excess (deficiency) of revenue over expenses and grants	\$ 173,901	\$ 64,306	\$ (684,650)	\$ (446,443)	\$ 508,037

Statement of Changes in Fund Balances

Year ended March 31, 2011, with comparative information for 2010

	2011			Total	2010 Total
	Endowed	Restricted	Unrestricted		
Fund balances, beginning of year	\$ 3,255,682	\$ 12,261,311	\$ 618,515	\$ 16,135,508	\$ 15,627,471
Excess (deficiency) of revenue over expenses and grants	173,901	64,306	(684,650)	(446,443)	508,037
Inter-fund transfers (note 8)	(105,500)	101,160	4,340	-	-
Fund balances, end of year	\$ 3,324,083	\$ 12,426,777	\$ (61,795)	\$ 15,689,065	\$ 16,135,508

See accompanying notes to financial statements.

BRIDGEPOINT HEALTH FOUNDATION

Statement of Cash Flows

Year ended March 31, 2011 with comparative information for 2010

	2011	2010 (Note 1)
Cash provided by (used for):		
Operations:		
Excess (deficiency) of revenue over expenses and grants	\$ (446,443)	\$ 508,037
Non-operating items		
Realized net loss included in investment income	206,881	649,166
Unrealized gain included in investment income	(509,709)	(3,702,740)
Items not affecting cash:		
Changes in other current assets	32,675	(62,856)
Changes in current liabilities	(1,041,958)	(516,318)
	(1,758,554)	(3,124,711)
Investment:		
Purchase of investments	(751,185)	(20,426,664)
Sale of investments	2,472,666	23,597,083
	1,721,481	3,170,419
Increase (decrease) in cash	(37,073)	45,708
Cash, beginning of year	141,555	95,847
Cash, end of year	\$ 104,482	\$ 141,555

See accompanying notes to financial statements.

BRIDGEPOINT HEALTH FOUNDATION

Notes to Financial Statements, Page 1

March 31, 2011

Bridgepoint Health Foundation (Foundation) is incorporated without share capital under the laws of the province of Ontario. The Foundation is a public foundation registered under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. The Foundation must meet certain requirements under the Act, and in the opinion of management, these requirements have been met.

The Foundation is dedicated to providing financial resources to support the objectives, programs and redevelopment of Bridgepoint Health (Health), Bridgepoint Hospital (Hospital) and Bridgepoint Health Collaboratory for Research and Innovation (Research) on an ongoing basis. This financial support is provided through the systematic process of identifying and acquiring financial resources from the community. The Foundation is committed to raising funds through annual appeals, endowment campaigns, planned giving, special events and capital campaigns.

1. Current accounting changes:

Basis of presentation

Change in financial reporting framework and impact of the transition:

The Foundation has elected to adopt the standards in Part III of the CICA Accounting Handbook for not-for-profit organizations in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). These financial statements are the first financial statements for which the Foundation has adopted these standards.

The financial statements for the year ended March 31, 2011 were prepared in accordance with the accounting standards and provisions set out in FIRST-TIME ADOPTION, Section 1501 of the CICA Accounting Handbook Part III, for first-time adopters of this financial reporting framework.

This section requires the presentation of corresponding information as at the date of transition April 1, 2009, as at the preceding year end, March 31, 2010 and for the year ended March 31, 2010. The corresponding information has been prepared and presented using the ASNPO framework retrospectively applied.

The adoption of this new financial reporting framework has no impact on the previously reported financial position as at April 1, 2009 and March 31, 2010. Upon adoption of ASNPO unrealized gains and losses related to investments reported at fair value are reported in investment income in the statement of operations. Previously this item was reported as a direct adjustment to the fund balances in the statement of changes in fund balances. The following reconciliation illustrates the impact of the change on previously reported operations and changes in fund balances and cash flows for the year ended March 31, 2010.

BRIDGEPOINT HEALTH FOUNDATION

Notes to Financial Statements, Page 2

March 31, 2011

	Statement of Operations for the year ended March 31, 2010 as previously reported - Total	Changes required on adoption of ASNPO	Statement of Operations for the year ended March 31, 2010 as adjusted for adoption of ASNPO - Total
Revenue			
Donations	\$ 1,403,028	\$ -	\$ 1,403,028
Investment income (loss)	(649,166)	3,702,740	3,053,574
Events	590,857	-	590,857
Other	158,918	-	158,918
	<u>1,503,637</u>	<u>3,702,740</u>	<u>5,206,377</u>
Expenses			
Fundraising	1,118,622	-	1,118,622
Investment fees	139,534	-	139,534
Administration	523,456	-	523,456
Events	390,007	-	390,007
Other	153,038	-	153,038
	<u>2,324,657</u>	<u>-</u>	<u>2,324,657</u>
Excess (deficiency) of revenue over expenses	(821,020)	3,702,740	2,881,720
Grants	(2,373,683)	-	(2,373,683)
Excess (deficiency) of revenue over expenses and grants	\$ (3,194,703)	\$ 3,702,740	\$ 508,037

	Statement of Changes in Fund Balances for the year ended March 31, 2010 as previously reported - Total	Changes required on adoption of ASNPO	Statement of Changes in Fund Balances for the year ended March 31, 2010 as adjusted for adoption of ASNPO - Total
Fund balances, beginning of year	\$ 15,627,471	\$ -	\$ 15,627,471
Excess (deficiency) of revenue over expenses and grants	(3,194,703)	3,702,740	508,037
Inter-fund transfers	-	-	-
Net unrealized gain (loss) on investments	3,702,740	(3,702,740)	-
Fund balances, beginning of year	\$ 16,135,508	\$ -	\$ 16,135,508

BRIDGEPOINT HEALTH FOUNDATION

Notes to Financial Statements, Page 3

March 31, 2011

	Statement of Cash Flows for the year ended March 31, 2010 as previously reported - Total	Changes required on adoption of ASNPO	Statement of Cash Flows for the year ended March 31, 2010 as adjusted for adoption of ASNPO - Total
Operations			
Excess (deficiency) of revenue over expenses and grants	\$ (3,194,703)	\$ 3,702,740	\$ 508,037
Non-operating items			
Realized loss included in investment income	649,166	-	649,166
Unrealized gain included in investment income	-	(3,702,740)	(3,702,740)
Items not affecting cash			
Changes in other current assets	(62,856)	-	(62,856)
Changes in current liabilities	(516,318)	-	(516,318)
	<u>(3,124,711)</u>	<u>-</u>	<u>(3,124,711)</u>
Investment			
Purchase of investments	(20,426,664)	-	(20,426,664)
Sale of investments	23,597,083	-	23,597,083
	<u>3,170,419</u>	<u>-</u>	<u>3,170,419</u>
Increase in cash	45,708	-	45,708
Cash, beginning of year	95,847	-	95,847
Cash, end of year	<u>\$ 141,555</u>	<u>\$ -</u>	<u>\$ 141,555</u>

BRIDGEPOINT HEALTH FOUNDATION

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March 31, 2011

2. Significant accounting policies

(a) Financial Instruments:

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

<u>Asset/Liability</u>	<u>Measurement</u>
Cash	Fair value
Investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related entities	Amortized cost

The Foundation has elected to recognize cash and investments at fair value at the date of transition to the new Canadian accounting standards for not-for-profit organizations. This election has no impact on the amounts previously reported for these items.

(b) Revenue recognition:

Restricted contributions are recognized as revenue of the Restricted Fund when received. Unrestricted contributions are recognized as revenue of the Unrestricted Fund when received.

Restricted investment income earned on Endowed Fund or Restricted Fund resources, which must be spent on donor restricted activities, is recognized as revenue of the Endowed or Restricted Fund respectively. Investment income subject to donor restrictions stipulating that it be added to the principal amount of the Endowed Fund is recognized as revenue of the Endowed Fund. Unrestricted investment income earned on Endowed Fund, Restricted Fund and Unrestricted Fund resources is recognized as revenue of the Unrestricted Fund.

Amounts received in advance for events held subsequent to year end are recorded as deferred revenue and recognized as revenue at the time of the event.

(c) Grants:

The Foundation may approve or commit to multi-year or future-dated grants. Amounts related to these grants are recorded one year at a time, as the related expenditures are incurred by the Hospital, Research or Health the purpose of which satisfies an approved grant application.

(d) Foreign currency translation:

Investments denominated in foreign currencies have been translated into Canadian dollars at exchange rates prevailing at the year-end date. Investment income has been translated using exchange rates prevailing on the transaction date. Gains and losses arising from these translation policies are included in the statement of operations.

BRIDGEPOINT HEALTH FOUNDATION

Notes to Financial Statements, Page 6

March 31, 2011

2. Significant accounting policies (continued)

(e) Volunteer fundraising activities:

The work of the Foundation is dependent on the volunteer fundraising activities of many members. These services are not normally purchased by the Foundation, and there is difficulty in determining their fair value, therefore donated services are not recognized in these financial statements.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and fund balances and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses and changes in fund balances for the year. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

3. Investments

	March 31, 2011	March 31, 2010	April 1, 2009
	Fair value	(Note 1) Fair value	(Note 1) Fair value
Equities	\$ 5,007,786	\$ 6,393,458	\$ 13,495,159
Short term investments	1,171,632	1,049,534	2,314,578
Fixed income bonds	10,388,748	10,481,287	2,192,171
Cash on hand	43,897	106,437	145,653
	\$ 16,612,063	\$ 18,030,716	\$ 18,147,561

The investment income (loss) is comprised of the following:

	2011	2010
Interest income	\$ 495,279	\$ 471,507
Dividend income	137,016	189,138
Realized capital gains	652,485	573,710
Realized capital losses	(859,366)	(1,883,521)
Unrealized capital gains	509,709	3,702,740
Investment income	\$ 935,123	\$ 3,053,574

Fixed income bonds earn interest at a weighted average rate of 4.10% (2010 - 4.10%) maturing between December 2011 and June 2067 (2010 - April 2010 and December 2105).

BRIDGEPOINT HEALTH FOUNDATION

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March 31, 2011

3. Investments (continued)

Investment risk management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, market and foreign currency risk. The Foundation has formal policies and procedures that establish target asset mix.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The Foundation has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

Market risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose the Foundation to a risk of loss. The Foundation mitigates this risk through controls to monitor and limit concentration levels.

Foreign exchange risk

Foreign exchange risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Foundation's non-Canadian securities. As of March 31, 2011, 24% (2010 - 27%) of investments were invested in non-Canadian securities and subject to exchange risk.

4. Grants

	2011			2010
	Endowed	Restricted	Unrestricted	Total
Hospital	\$ -	\$ 343,834	\$ 11,230	\$ 355,064
Health	-	163,306	-	163,306
Research	-	627,414	-	627,414
	\$ -	\$ 1,134,554	\$ 11,230	\$ 1,145,784
				\$ 2,373,683

5. Fund balances

The **Endowed Fund** holds monies to be maintained in perpetuity as specified by donors. The income earned on these amounts is to be used in accordance with the endowment agreements. Some of the Endowed Funds are internally restricted, the total value of these funds is \$3,215,724 (2010 - \$3,156,182).

The **Restricted Fund** holds monies which are subject to restrictions by the donor or external party. Certain Restricted Funds are subject to the restriction that the Foundation grants the income earned on the fund balance to the Hospital annually. Grants in excess of the income earned may be made from the fund to the Hospital in support of operating costs of the Hospital.

Certain funds within the Restricted Fund balance include a requirement to accumulate investment income earned in the fund. The total value of these funds is \$8,887,860 (2010 - \$9,244,046).

The **Unrestricted Fund** holds monies which have been received and generated from various sources for which no specific purpose has been designated. Monies within this category may be set aside by the Board for specific purposes. The Board may alter the designation of Unrestricted Fund usage at its discretion. Unrealized investment gains/losses attributable to these funds are shown within the Unrestricted Fund balance.

BRIDGEPOINT HEALTH FOUNDATION

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March 31, 2011

6. Related entities

The Foundation provides financial resources by way of disbursements in support of the activities of the Hospital, Research, and Health as approved by the Board of the Foundation. As well, Hospital pays suppliers on behalf of the Foundation.

At regular intervals throughout the year, the Foundation disburses grants to Health, and reimburses it for expenses incurred. No financing charges are incurred on these interim balances. As at March 31, 2011, the Foundation balances owed to (due from) were: Health \$561,927 (2010 - \$3,389,072), Research \$26,191 (2010 - \$667,785) and Hospital \$98,413 (2010 - \$2,086,887).

Health provides space and administrative services to the Foundation. During the year, Health invoiced the Foundation \$69,763 (2010 - \$75,983) for these services.

7. Pension

Substantially all employees are eligible to be members of the Healthcare of Ontario Pension Plan which is a multi-employer defined benefit pension plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination, or death that provide the highest earnings.

The most recent actuarial valuation of the plan as at December 31, 2010 indicates the plan is 101% funded. During the year, the Foundation contributed \$97,817 (2010 - \$107,810) to the plan on behalf of employees.

8. Inter-fund transfers

The Board of Directors has approved the following transfers among the funds:

	2011	2010
	\$	\$
Endowed Funds		
Transfer from Unrestricted Fund for gifts determined to be endowment gifts	-	28,682
Transfer from Restricted Fund to establish endowment for Research Chair	-	3,127,500
Transfer from Endowment Capital	(105,500)	-
Restricted Funds		
Transfer from the Unrestricted Fund to reflect donor requests	-	14,500
Transfer to the Unrestricted Fund for disbursements funded by the Unrestricted Fund and determined to be Restricted disbursements	(4,340)	(1,548,292)
Transfer to the Endowed Fund to establish endowment for Research Chair	-	(3,127,500)
Transfer to Endowment Expendable Fund	105,500	-

BRIDGEPOINT HEALTH FOUNDATION

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March 31, 2011

9. Commitments

The Board of Directors approved a resolution to fund redevelopment and research activities through 2021 through current reserves and proceeds from fundraising.

10. Contingencies

The nature of the Foundation is to receive bequests and hold public events and as such on occasion the Foundation may be involved in litigation. With respect to claims as at March 31, 2011, it is management's position that the Foundation has appropriate insurance coverage in place. In the event any claims are successful, management believes such claims are not expected to have a material effect on the Foundation's financial position.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.