

Financial Statements of

**BRIDGEPOINT HEALTH FOUNDATION**

March 31, 2012



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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, 2012, 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, 2012, 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 on a basis consistent with that of the preceding year.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

June 27, 2012  
Toronto, Canada

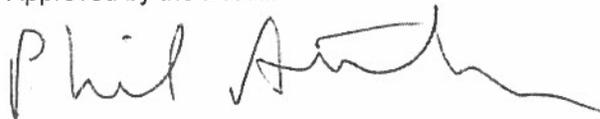
# BRIDGEPOINT HEALTH FOUNDATION

## Statement of Financial Position

	March 31 2012	March 31 2011
<b>Assets</b>		
Cash	\$ 155,761	\$ 104,482
Investments (note 2)	15,208,919	16,612,063
Other current assets	152,880	156,481
	<u>\$ 15,517,560</u>	<u>\$ 16,873,026</u>
<b>Liabilities and Fund Balances</b>		
Accrued liabilities	\$ 40,262	\$ 231,449
Deferred revenue	396,199	265,981
Due to related entities (note 4)	218,983	686,531
	<u>655,444</u>	<u>1,183,961</u>
Fund balances (note 5)		
Endowed	3,287,670	3,324,083
Restricted	12,827,014	12,426,777
Unrestricted	(1,252,568)	(61,795)
	<u>14,862,116</u>	<u>15,689,065</u>
	<u>\$ 15,517,560</u>	<u>\$ 16,873,026</u>

See accompanying notes to financial statements.

Approved by the Board:



Philip D. Arthur  
Chair, Board of Directors



Lynn McDonald  
Chair, Finance & Audit Committee

# BRIDGEPOINT HEALTH FOUNDATION

## Statement of Operations

	2012				2011
	Endowed	Restricted	Unrestricted	Total	Total
Revenue:					
Donations	\$ 2,400	\$ 2,140,980	\$ 247,213	\$ 2,390,593	\$ 1,527,157
Events	-	-	926,240	926,240	583,012
Investment income (loss) (note 2)	(38,813)	(89,102)	-	(127,915)	839,173
	(36,413)	2,051,878	1,173,453	3,188,918	2,949,342
Expenses:					
Fundraising	-	-	839,000	839,000	870,928
Events	-	-	562,663	562,663	360,037
Administration	-	-	862,433	862,433	1,019,036
	-	-	2,264,096	2,264,096	2,250,001
Excess (deficiency) of revenue over expenses	(36,413)	2,051,878	(1,090,643)	924,822	699,341
Grants (note 3)	-	(1,653,189)	(98,582)	(1,751,771)	(1,145,784)
Excess (deficiency) of revenue over expenses and grants	\$ (36,413)	\$ 398,689	\$ (1,189,225)	\$ (826,949)	\$ (446,443)

## Statement of Changes in Fund Balances

	2012				2011
	Endowed	Restricted	Unrestricted	Total	Total
Fund balances, beginning of year	\$ 3,324,083	\$ 12,426,777	\$ (61,795)	\$ 15,689,065	\$ 16,135,508
Excess (deficiency) of revenue over expenses and grants	(36,413)	398,689	(1,189,225)	(826,949)	(446,443)
Inter-fund transfers (note 7)	-	1,548	(1,548)	-	-
Fund balances, end of year	\$ 3,287,670	\$ 12,827,014	\$ (1,252,568)	\$ 14,862,116	\$ 15,689,065

See accompanying notes to financial statements.

# BRIDGEPOINT HEALTH FOUNDATION

## Statement of Cash Flows

	March 31 2012	March 31 2011
Cash provided by (used for):		
Operations:		
Deficiency of revenue over expenses and grants	\$ (826,949)	\$ (446,443)
Non-operating items		
Realized net loss included in investment income	499,211	206,881
Unrealized (gain) loss included in investment income	35,227	(509,709)
Changes in non-cash working capital		
Changes in other current assets	3,601	32,675
Changes in current liabilities	(528,517)	(1,041,958)
	(817,427)	(1,758,554)
Investment:		
Purchase of investments	(566,270)	(751,185)
Sale of investments	1,434,976	2,472,666
	868,706	1,721,481
Increase (decrease) in cash	51,279	(37,073)
Cash, beginning of year	104,482	141,555
Cash, end of year	\$ 155,761	\$ 104,482

See accompanying notes to financial statements.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2012

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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. Significant accounting policies

These statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### (a) Financial Instruments:

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

<b>Asset/Liability</b>	<b>Measurement</b>
Cash	Fair value
Investments	Fair value
Other current assets	Amortized cost
Accrued liabilities	Amortized cost
Due to related entities	Amortized cost

#### (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.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2012

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### 1. Significant accounting policies (continued)

(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.

(e) Volunteer fundraising activities:

The work of the Foundation is dependent on the fundraising activities of many volunteers. 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.

### 2. Investments

	2012		2011	
Equities	\$	1,690,500	\$	5,007,786
Short term investments		9,064,659		1,171,632
Fixed income bonds		4,384,655		10,388,748
Cash on hand		69,105		43,897
	\$	15,208,919	\$	16,612,063

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

	2012		2011	
Interest income	\$	357,536	\$	495,279
Dividend income		122,236		137,016
Realized capital losses		(499,211)		(206,881)
Unrealized capital gains (losses)		(35,227)		509,709
Investment income (loss) before fees		(54,666)		935,123
Investment fees		(73,249)		(95,950)
Investment income (loss)	\$	(127,915)	\$	839,173

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2012

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### 2. Investments (continued)

Fixed income bonds earn interest at a weighted average rate of 4.39% (2011 - 4.10%) maturing between October 2013 and December 2105 (2011 - December 2011 and June 2067).

#### 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, 2012 27% (2011 - 24%) of investments were invested in non-Canadian securities and subject to exchange risk.

### 3. Grants

	2012		2011	
	Restricted	Unrestricted	Total	Total
Hospital	\$ 236,046	\$ 98,582	\$ 334,628	\$ 355,064
Health	93,534	-	93,534	163,306
Research	1,323,609	-	1,323,609	627,414
	\$ 1,653,189	\$ 98,582	\$ 1,751,771	\$ 1,145,784

### 4. Related entities

The Foundation provides financial resources by way of grants 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, 2012 the Foundation balances owed were: to Health \$9,323 (2011 - \$561,927), to Research \$206,629 (2011 - \$26,191) and to Hospital \$3,031 (2011 - \$98,413).

Health provides space and administrative services to the Foundation. During the year, Health invoiced the Foundation \$72,468 (2011 - \$69,763) for these services.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2012

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### 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 \$3,180,166 (2011 - \$3,215,724).

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 \$7,854,505 (2011 - \$8,260,446).

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.

### 6. 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, 2011 indicates the plan is 103% funded. During the year, the Foundation contributed \$104,232 (2011 - \$97,817) to the plan on behalf of employees.

### 7. Inter-fund transfers

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

	2012	2011
<b>Endowment funds</b>		
Transfer from endowment capital	\$ -	\$ (105,500)
<b>Restricted funds</b>		
Transfer to the Unrestricted Fund for the disbursement funded by the Unrestricted Fund and determined to be Restricted disbursements	\$ -	\$ (4,340)
Transfer to Endowment expendable fund	-	105,500
Transfer from General fund to Restricted in accordance with donor directions	1,548	-
	\$ 1,548	\$ 101,160

# **BRIDGEPOINT HEALTH FOUNDATION**

## **Notes to Financial Statements**

March 31, 2012

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### **8. Commitments**

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

### **9. 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, 2012, 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.