

Financial Statements of

**BRIDGEPOINT HEALTH FOUNDATION**

March 31, 2013



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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, 2013, the statements of operations and 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.



Page 2

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bridgepoint Health Foundation as at March 31, 2013, 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 20, 2013  
Toronto, Canada

# BRIDGEPOINT HEALTH FOUNDATION

## Statement of Financial Position March 31

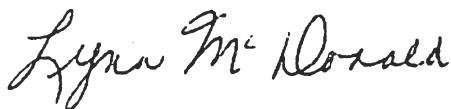
	2013	2012
<b>Assets</b>		
Cash	\$ 185,739	\$ 155,761
Investments (note 2)	7,179,319	15,208,919
Other current assets	54,122	152,880
	<u>\$ 7,419,180</u>	<u>\$ 15,517,560</u>
<b>Liabilities and Fund Balances</b>		
Accrued liabilities (note 3)	\$ 105,044	\$ 40,262
Deferred revenue	450,722	396,199
Due to related entities (note 5)	209,505	218,983
	<u>765,271</u>	<u>655,444</u>
Fund balances (note 6)		
Endowed	3,449,484	3,287,670
Restricted	4,425,808	12,827,014
Unrestricted	(1,221,383)	(1,252,568)
	<u>6,653,909</u>	<u>14,862,116</u>
	<u>\$ 7,419,180</u>	<u>\$ 15,517,560</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 and Changes in Fund Balances Year ended March 31

	2013				2012
	Endowed	Restricted	Unrestricted	Total	Total
<b>Revenue:</b>					
Donations	\$ 8,840	\$ 2,835,476	\$ 237,400	\$ 3,081,716	\$ 2,390,593
Events	-	-	1,172,420	1,172,420	926,240
Investment income (loss) (note 2)	154,300	224,343	28,000	406,643	(127,915)
	163,140	3,059,819	1,437,820	4,660,779	3,188,918
<b>Expenses:</b>					
Fundraising	-	-	873,577	873,577	839,000
Events	-	-	647,769	647,769	562,663
Administration	-	-	741,666	741,666	862,433
	-	-	2,263,012	2,263,012	2,264,096
Excess (deficiency) of revenue over expenses before grants	163,140	3,059,819	(825,192)	2,397,767	924,822
Grants (note 4)	-	(10,605,974)	-	(10,605,974)	(1,751,771)
Excess (deficiency) of revenue over expenses and grants	\$ 163,140	\$ (7,546,155)	\$ (825,192)	\$ (8,208,207)	\$ (826,949)
Inter-fund transfers (note 8)	(1,326)	(855,051)	856,377	-	-
Net change in year	\$ 161,814	\$ (8,401,206)	\$ 31,185	\$ (8,208,207)	\$ (826,949)
Fund balances, beginning of year	\$ 3,287,670	\$ 12,827,014	\$ (1,252,568)	\$ 14,862,116	\$ 15,689,065
Fund balances, end of year	\$ 3,449,484	\$ 4,425,808	\$ (1,221,383)	\$ 6,653,909	\$ 14,862,116

See accompanying notes to financial statements.

# BRIDGEPOINT HEALTH FOUNDATION

## Statement of Cash Flows Year ended March 31

	2013	2012
Cash provided by (used for):		
Operations:		
Deficiency of revenue over expenses and grants	\$ (8,208,207)	\$ (826,949)
Non-operating items		
Realized net loss included in investment income	58,885	499,211
Unrealized (gain) loss included in investment income	(257,803)	35,227
Changes in non-cash working capital		
Changes in other current assets	98,758	3,601
Changes in current liabilities	109,827	(528,517)
	<u>(8,198,540)</u>	<u>(817,427)</u>
Investment:		
Purchase of investments	(473,778)	(566,270)
Sale of investments	8,702,296	1,434,976
	<u>8,228,518</u>	<u>868,706</u>
Increase in cash	29,978	51,279
Cash, beginning of year	155,761	104,482
Cash, end of year	\$ 185,739	\$ 155,761

See accompanying notes to financial statements.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2013

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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

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 period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2013

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### 1. Significant accounting policies (continued)

#### (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.

#### (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.



# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2013

### 2. Investments

	2013		2012	
Cash and cash equivalents on hand	\$	3,621,288	\$	69,105
Short term investments		-		9,064,659
Fixed income bonds		1,670,050		4,384,655
Equities		1,887,981		1,690,500
	\$	7,179,319	\$	15,208,919

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

	2013		2012	
Interest income	\$	214,133	\$	357,536
Dividend income		45,055		122,236
Realized capital losses		(58,885)		(499,211)
Unrealized capital gains (losses)		257,803		(35,227)
Investment income (loss) before fees		458,106		(54,666)
Investment fees		(51,463)		(73,249)
Investment income (loss)	\$	406,643	\$	(127,915)

Fixed income bonds earn interest at a weighted average rate of 3.7% (2012 - 4.39%) maturing between November 2014 and June 2108 (2012 – October 2013 and December 2105).

#### 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.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include two types of risks: currency risk and interest rate risk.

##### Currency risk

Currency risk relates to the Foundation transacting in different currencies. As of March 31, 2013 27% (2012 – 27%) of investments were invested in non-Canadian securities and subject to currency risk.

##### Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to this risk through its interest bearing investments.

Interest rate risk on investments held is mitigated through the Foundation's formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held. At March 31, 2013 investments consist of Canadian and non-Canadian equities, fixed income bonds and cash and cash equivalents.

There have been no significant changes to the market risk exposure from 2012.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2013

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### 3. Government remittances

As at March 31, 2013 \$12,432 (2012 - \$11,893) was payable to the Government with respect to payroll taxes and included in accounts payable and accrued liabilities on the statements of financial position.

### 4. Grants

	2013		2012
Hospital	\$ 9,395,055	\$	334,628
Health	149,687		93,534
Research	1,061,232		1,323,609
	\$ 10,605,974	\$	1,751,771

### 5. 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, 2013 the Foundation balances owed were: to Health \$5 (2012 - \$9,323), to Research \$30,452 (2012 - \$206,629) and to Hospital \$179,048 (2012 - \$3,031).

Health provides space and administrative services to the Foundation. During the year, Health invoiced the Foundation \$73,961 (2012 - \$72,468) for these services. 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 the related entities.

### 6. 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.

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 \$2,082,180 (2012 - \$7,854,505).

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.

As at March 31, 2013 the balance in the unrestricted fund was in a deficit. Funds were borrowed from the restricted fund to cover the shortfall.

# BRIDGEPOINT HEALTH FOUNDATION

## Notes to Financial Statements

March 31, 2013

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### 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, 2012 indicates the plan is 104% funded. During the year, the Foundation contributed \$90,689 (2012 - \$104,232) to the plan on behalf of employees.

### 8. Inter-fund transfers

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

	2013	2012
<b>Endowed Funds</b>		
Transfer administration levy to the Unrestricted Fund	\$ (1,326)	\$ -
	\$ (1,326)	\$ -
<b>Restricted funds</b>		
Transfer to the Unrestricted Fund Board restricted bequests as per Board approved motion	\$ (389,323)	\$ -
Transfer administration levy to the Unrestricted Fund	(425,321)	-
Transfer Investment income from Unrestricted Fund to Restricted Fund	28,000	
Transfer (from) to Unrestricted Fund disbursements determined to be Restricted	(68,407)	1,548
	\$ (855,051)	\$ 1,548

### 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. Subsequent event

Effective April 8, 2013 the Foundation's legal name was changed from Bridgepoint Health Foundation to Bridgepoint Foundation.