

Consolidated Financial Statements of

**ONTARIO MARCH OF DIMES**  
(REHABILITATION FOUNDATION FOR THE DISABLED)

Year ended March 31, 2012



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Ontario March of Dimes

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Ontario March of Dimes (Rehabilitation Foundation for the Disabled), which comprise the consolidated balance sheet as at March 31, 2012, the consolidated statements of revenue and expenses, 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many charitable organizations, Ontario March of Dimes (Rehabilitation Foundation for the Disabled) derives revenue from fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Ontario March of Dimes (Rehabilitation Foundation for the Disabled). Therefore, we were not able to determine whether, as at and for the years ended March 31, 2012 and March 31, 2011, any adjustments might be necessary to fundraising and excess of revenue over expenses reported in the consolidated statements of revenue and expenses, excess of revenue over expenses reported in the consolidated statements of cash flows and current assets and internally restricted funds reported in the consolidated balance sheets. This caused us to qualify our audit opinion on the consolidated financial statements as at and for the year ended March 31, 2011.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Ontario March of Dimes (Rehabilitation Foundation for the Disabled) as at March 31, 2012, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**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 consolidated financial statements in accordance with Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

July 24, 2012  
Toronto, Canada

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

## Consolidated Balance Sheet

March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Cash and restricted cash	\$ 7,452,071	\$ 5,750,258
Accounts receivable (notes 2 and 3)	2,911,240	3,929,129
Prepaid expenses	254,014	252,307
Grants and allocations receivable	100,863	753,855
	<u>10,718,188</u>	<u>10,685,549</u>
Restricted investments (notes 4 and 8(c))	1,392,160	1,402,305
Capital assets (note 5)	3,466,795	3,765,603
Intangible asset - trademark (note 1(d))	1,413,751	1,413,751
	<u>\$ 16,990,894</u>	<u>\$ 17,267,208</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued charges	\$ 5,131,964	\$ 5,538,521
Unexpended program grants and deferred revenue (note 6)	1,490,863	738,104
Government advances	456,511	901,890
	<u>7,079,338</u>	<u>7,178,515</u>
Deferred capital grants (note 7)	860,785	1,268,947
Fund balances:		
Invested in capital and intangible assets	4,019,761	3,910,407
Internally restricted funds:		
Capital Reserve (note 8(a))	562,795	625,000
Stabilization Reserve (note 8(b))	3,076,055	2,882,034
Board Restricted (note 8(c))	1,392,160	1,402,305
	<u>9,050,771</u>	<u>8,819,746</u>
Commitments and contingencies (note 12)		
	<u>\$ 16,990,894</u>	<u>\$ 17,267,208</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

## Consolidated Statement of Revenue and Expenses

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Revenue:</b>		
Government grants	\$ 64,994,938	\$ 61,903,895
Program recovery	3,378,476	15,755,911
Fees and sales	11,291,494	13,488,966
Fundraising (note 9)	5,688,768	5,787,895
Investment and other	861,096	1,052,291
	<u>86,214,772</u>	<u>97,988,958</u>
<b>Expenses:</b>		
Programs:		
Independent Living Services	46,459,185	44,223,420
Employment Services	18,423,491	32,888,499
AccessAbility® Services	11,917,264	11,645,645
Affirmative businesses	202,856	211,994
Recreation and Integration Services	533,593	516,403
Peer Support Services and Conductive Education®	1,100,004	1,073,330
Passport	2,211,140	1,386,826
Issue Advocacy	321,401	289,418
Grants and awards	53,840	33,030
	<u>81,222,774</u>	<u>92,268,565</u>
Fundraising (note 9)	1,952,083	1,620,441
Donor acquisition (note 9)	400,142	578,832
Unallocated program and administration support	1,789,054	2,182,797
Amortization (note 5)	598,200	633,743
	<u>85,962,253</u>	<u>97,284,378</u>
<b>Excess of revenue over expenses</b>	<b>\$ 252,519</b>	<b>\$ 704,580</b>

See accompanying notes to consolidated financial statements.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

## Consolidated Statement of Changes in Fund Balances

Year ended March 31, 2012, with comparative figures for 2011

							2012	2011
	Invested in capital and intangible assets	Operating Fund	Internally restricted funds			Total	Total	
			Capital Reserve	Stabilization Reserve	Board Restricted			
Fund balances, beginning of year	\$ 3,910,407	\$ –	\$ 625,000	\$ 2,882,034	\$ 1,402,305	\$ 8,819,746	\$ 8,021,368	
Excess (deficiency) of revenue over expenses	(311,222)	563,741	–	–	–	252,519	704,580	
Interfund transfers:								
Purchase of capital assets	557,538	–	(87,205)	(470,333)	–	–	–	
Transfer to Board Restricted	(136,962)	–	–	136,962	–	–	–	
Transfer to Capital Reserve (note 8(a))	–	–	25,000	(25,000)	–	–	–	
Transfer to Stabilization Reserve (note 8(b))	–	(552,392)	–	552,392	–	–	–	
Board Restricted excess of revenue over expenses (note 8(c))	–	(11,349)	–	–	11,349	–	–	
	420,576	(563,741)	(62,205)	194,021	11,349	–	–	
Net change in unrealized gain on restricted investments (notes 4 and 8(c))	–	–	–	–	(21,494)	(21,494)	93,798	
Fund balances, end of year	\$ 4,019,761	\$ –	\$ 562,795	\$ 3,076,055	\$ 1,392,160	\$ 9,050,771	\$ 8,819,746	

See accompanying notes to consolidated financial statements.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

## Consolidated Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 252,519	\$ 704,580
Items not involving cash:		
Amortization	598,200	633,743
Amortization of deferred capital grants	(286,978)	(388,647)
Deferred capital grants transferred to associated organizations	(258,146)	-
Capital assets transferred to associated organizations	258,146	-
Change in non-cash operating working capital:		
Accounts receivable	1,017,889	866,345
Prepaid expenses	(1,707)	(49,700)
Grants and allocations receivable	652,992	12,009
Accounts payable and accrued charges	(406,557)	(471,997)
Unexpended program grants and deferred revenue	752,759	(99,709)
Government advances	(445,379)	(352,575)
	<u>2,133,738</u>	<u>854,049</u>
Financing activities:		
Receipt of deferred capital grants	136,962	132,879
Investing activities:		
Restricted investments	(11,349)	(175,499)
Purchase of capital assets	(557,538)	(529,243)
	<u>(568,887)</u>	<u>(704,742)</u>
Increase in cash and cash equivalents	1,701,813	282,186
Cash and cash equivalents, beginning of year	5,750,258	5,468,072
Cash and cash equivalents, end of year	<u>\$ 7,452,071</u>	<u>\$ 5,750,258</u>
Represented by:		
Cash and restricted cash:		
Unrestricted	\$ 7,132,190	\$ 5,379,403
Restricted	319,881	370,855
	<u>\$ 7,452,071</u>	<u>\$ 5,750,258</u>

See accompanying notes to consolidated financial statements.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements

Year ended March 31, 2012

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The Canadian Foundation for Poliomyelitic was incorporated in 1951 to eliminate polio. When reconstituted as an organization with members from across Canada, the original Board of Directors (the "Board") from Ontario formed the Ontario Corporation, Rehabilitation Foundation for Poliomyelitic and the Orthopedically Disabled which became known as Ontario March of Dimes (OMOD) and which was incorporated in 1957. The legal name of the corporation was subsequently changed to the Rehabilitation Foundation for the Disabled. OMOD's programs include the following:

- (a) Independent Living Services - to enable adults with physical disabilities and/or acquired brain injury to live independently in their own homes through a variety of services, such as Outreach Attendant Services, Supportive Housing and Acquired Brain Injury Services.
- (b) Employment Services - to assist adults with physical disabilities to achieve independence through establishing employment goals, training and on-the-job support. Programs offered include assessment services, Discovery® job skills training, placement and supported employment and return to work services.
- (c) AccessAbility® Services - to provide adults with physical disabilities with greater independence through improved individual mobility and better community accessibility. Services offered include the Assistive Devices Program, DesignAbility®, Home and Vehicle Modifications Program and Barrier-Free Design Consultation.
- (d) Recreation and Integration Services - to enhance the quality of life of adults with physical disabilities through recreation, leisure and social integration. Services offered include Befriending®, residential holidays, out trips and social clubs.
- (e) Other Services - include the Post Polio and Stroke Recovery Programs (Peer and Volunteer Support), Conductive Education®, Design Ability®, Issue Advocacy, businesses and research grants and special awards.

Rehabilitation Foundation for Disabled Persons, Canada (RFDP Canada), operating as March of Dimes Canada, is a federally incorporated charity which has a vision, mission and objectives that replicate those of OMOD. The organization was established to expand existing services for children and adults with disabilities across Canada. Currently, the following services are offered: Employment Services, Conductive Education®, DesignAbility® and Peer and Volunteer Support Services. The financial statements of RFDP Canada are included within the statements for OMOD.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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Other associated organizations are outlined in note 3 and are not included in the consolidated financial statements.

OMOD is a registered charitable organization and, as such, is exempt from income taxes provided that certain disbursement criteria are met.

## 1. Significant accounting policies:

### (a) Revenue recognition:

OMOD follows the deferral fund method of accounting for contributions.

Government and other grants, fees and sales, program recovery and investment and other revenue are recognized on an accrual basis and are deferred until earned. Government grants relating to capital assets are deferred in an amount equal to the undepreciated cost of the related capital assets.

Unexpended program grants and government advances represent funds received for specific programs that have not yet been expensed.

Fundraising revenue includes revenue from direct mail, community campaigns, charitable gaming, bequests and other donations, and is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donation pledges are not recognized as revenue until received.

### (b) Financial instruments:

OMOD designated its cash and restricted cash as held-for-trading, which is measured at fair value. Accounts receivable and grants and allocations receivable are classified as loans and receivables which are measured at amortized cost. Accounts payable and accrued charges and government advances are classified as other financial liabilities, which are measured at amortized cost.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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## 1. Significant accounting policies (continued):

Restricted investments are designated as available-for-sale and are recorded at fair value, with changes in fair value recorded in the consolidated statement of changes in fund balances. Restricted investments consist of pooled funds which are valued at the unit values supplied by the pooled fund administrator, which represents OMOD's proportionate share of underlying net assets at fair values determined using closing market prices. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the consolidated statement of changes in fund balances and is included as a component of the Board's Restricted funds.

The carrying amounts of cash and restricted cash, accounts receivable, grants and allocations receivable, accounts payable and accrued charges and government advances approximate fair values due to the short-term nature of these financial instruments.

OMOD has adopted The Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3861, Financial Instruments - Disclosure and Presentation. In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, Financial Instruments, Disclosure, and Section 3863, Financial Instruments, Presentation, OMOD has elected not to adopt these standards in its consolidated financial statements.

It is management's opinion that there is no exposure to significant amounts of credit or interest rate risks.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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## 1. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded at the following bases and annual rates, which are expected to amortize the net cost of these assets over their estimated useful lives:

Asset	Basis	Rate
Buildings	Declining balance	5%
Vehicles	Straight line	5 years
Machinery, equipment, computer hardware and software	Straight line	3 to 7 years
Leasehold improvements	Straight line	Term of related lease

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### (d) Intangible asset:

OMOD acquired the trademark, March of Dimes, in 2005 at a cost of \$1,800,000. The productive life of the trademark was estimated to be 20 years, and \$386,249 was expensed between 2005 and 2009, leaving the asset with a book value of \$1,413,751. At the beginning of fiscal 2011, management determined that the trademark has an indefinite life and, accordingly, ceased amortization.

Management reviews the carrying value of the indefinite life intangible asset for impairment, at least annually, whenever events and circumstances indicate that the carrying value of the asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value of the asset, an impairment loss is recognized equal to the amount by which the carrying value of the asset exceeds the fair value of the asset.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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## 1. Significant accounting policies (continued):

### (e) Donated services:

Volunteers contribute a significant number of hours to assist OMOD in carrying out its service delivery, administration, as well as Board and advisory activities. Because of the difficulty of determining their fair values, such contributed services are not recognized in the consolidated financial statements.

### (f) Allocation of fundraising and general administration expenses:

OMOD classifies expenses on the consolidated statement of revenue and expenses by program. OMOD allocates certain costs by identifying the appropriate basis of allocating and applying that basis consistently each year. Administration expenses are allocated proportionately on the same percentage as the direct salaries and benefits of the program with consideration of recoverability from funders.

### (g) Use of estimates:

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 2. Accounts receivable:

	2012	2011
Trade	\$ 1,133,174	\$ 2,625,107
Fundraising and United Way	112,698	76,134
Harmonized Sales Tax	270,043	136,864
Other	1,395,325	1,091,024
	<u>\$ 2,911,240</u>	<u>\$ 3,929,129</u>

Included in trade accounts receivable is \$32,273 (2011 - \$351,187) in fees for services performed that have not yet been billed to customers. Billings are rendered at defined intervals as per the terms of each contract. Other accounts receivable include \$587,491 (2011 - \$608,182) of receivables for Employment Services support for veterans.

## 3. Associated organizations:

OMOD controls the following organizations that are not consolidated in these financial statements:

### (a) Ontario March of Dimes Non-Profit Housing Corporation (NPHC):

NPHC was incorporated by OMOD on June 2, 1992. NPHC was formed to provide accessible, affordable, supportive housing, primarily to accommodate persons with physical disabilities. NPHC is a non-profit charitable organization and, as such, is exempt from income taxes.

NPHC's financial statements are prepared in accordance with prescribed accounting policies which are applicable to federal and provincial non-profit housing programs as regulated by the guidelines established by the Regional Municipality of Halton.

OMOD provides funds from time to time to cover costs of NPHC for which there is full recovery and charges management fees to several properties. In 2010, NPHC signed a promissory note for a loan of \$251,000 to acquire land and a building in Sudbury and this is repayable on demand. The terms of repayment are monthly with interest at prime plus 1% (\$833 per month). The amount owing by NPHC to OMOD as at March 31, 2012 is \$250,957 (2011 - \$253,165), which is included in accounts receivable.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

### 3. Associated organizations (continued):

The following is a summary of financial information extracted from the financial statements of NPHC, and is not included in the consolidated financial statements of OMOD:

	2012	2011
Current assets	\$ 721,520	\$ 1,302,936
Capital assets	9,448,608	8,698,185
<b>Total assets</b>	<b>\$ 10,170,128</b>	<b>\$ 10,001,121</b>
Current liabilities	\$ 575,606	\$ 951,328
Mortgage payable	5,745,353	5,962,446
Deferred capital contributions	3,275,880	2,581,005
	9,596,839	9,494,779
Fund balances	573,289	506,342
<b>Total liabilities and fund balances</b>	<b>\$ 10,170,128</b>	<b>\$ 10,001,121</b>
	2012	2011
Revenue	\$ 1,248,058	\$ 1,150,704
Expenses, including amortization of \$308,985 (2011 - \$230,624) and repayment of grant subsidy of \$8,764 (2011 - \$28,236)	1,224,148	1,117,608
<b>Excess of revenue over expenses</b>	<b>\$ 23,910</b>	<b>\$ 33,096</b>
Cash flows provided by (used in):		
Operating activities	\$ 340,029	\$ 103,735
Financing activities	582,689	1,638,152
Investing activities	(1,028,308)	(1,472,612)
<b>Net cash (outflow) inflow</b>	<b>\$ (105,590)</b>	<b>\$ 269,275</b>

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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### 3. Associated organizations (continued):

(b) OMOD Independence Non-Profit Corporation (INPC):

INPC was a business trust incorporated federally in 1997 to enable OMOD to partner with or independently participate in commercial activities. The trust would be "owner" of such enterprise, as is deemed appropriate. INPC has been inactive for the years ended March 31, 2012 and 2011. The members voted to dissolve INPC in 2011 and have taken legal steps to do so. The notice of surrender of the charter was published in the Canada Gazette on February 25, 2012. If no complaints are raised, then the organization will officially cease to exist in 2012.

(c) Rehabilitation Foundation For Disabled Persons Incorporated, U.S. (RFDP, U.S.):

RFDP, U.S. is incorporated in the United States as a registered charity whose objectives parallel those of OMOD. In February 2012, RFDP, U.S. held its first fundraising golf tournament in California. The revenue and expenses are reported in the year end of that subsidiary. The activities of this entity are immaterial to OMOD and are not included in these consolidated financial statements.

While a week-long Conductive Education session was held in Detroit, Michigan during the year, with conductors provided by March of Dimes Canada, their services were provided as a purchase of service from March of Dimes Canada and did not affect RFDP, U.S.

(d) York Durham Aphasia Centre (YDAC):

YDAC operated for more than 20 years as an independent registered charity, with services across the two regions. In fiscal 2011, YDAC and OMOD merged. The charter and bylaws of YDAC, however, have not changed. The programs previously operated by YDAC are now delivered by OMOD.

The YDAC fund was established within OMOD's Board Restricted Ability and Beyond Funds and there were no financial transactions during the year in the fund. For fiscal years 2011 and 2012, there were no transactions in YDAC and the existing Board is recommending to the membership the dissolution of this corporation.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

#### 4. Restricted investments:

	2012		2011	
	Cost	Fair value	Cost	Fair value
Pooled funds	\$ 1,261,688	\$ 1,392,160	\$ 1,250,339	\$ 1,402,305

The cumulative adjustment of net unrealized gain on investments is as follows:

	2012	2011
Cumulative adjustment beginning of year	\$ 151,966	\$ 58,168
Net change in unrealized gain on restricted investments	(21,494)	93,798
Cumulative adjustment, end of year	\$ 130,472	\$ 151,966

The net unrealized gain is included in the internally restricted funds as a component of the Board Restricted funds (note 8(c)).

Investment 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 liquidity risk. OMOD has formal policies and procedures that establish target asset mix.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Pooled funds are instruments in highly liquid investments that are readily converted into known amounts of cash.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 5. Capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 876,555	\$ –	\$ 876,555	\$ 876,555
Buildings	1,629,467	975,988	653,479	687,873
Vehicles	349,576	349,576	–	12,319
Machinery, equipment computer hardware and software	13,340,696	11,952,323	1,388,373	1,545,198
Leasehold improvements	3,681,239	3,132,851	548,388	643,658
	\$ 19,877,533	\$ 16,410,738	\$ 3,466,795	\$ 3,765,603

The total cost of capital assets acquired during the year was \$557,538 (2011 - \$529,243), and was partially financed by the Capital Reserve fund and operating grants of \$136,962 (2011 - \$132,879).

Amortization expense related to donor dollar funded programs totalled \$311,222 (2011 - \$245,096).

Amortization expense relating to grant funded programs totalled \$286,978 (2011 - \$388,647).

The land and building owned at 10 Overlea Boulevard, Toronto, ON M4H 1A4, which cost \$2,433,008, has been appraised by an authorized appraiser at \$3,570,000.

## 6. Unexpended program grants and deferred revenue:

OMOD receives funds from government and other funding sources where the use of these funds is restricted to certain projects or programs. Unexpended program grants, other than government grants, represent unexpended funds relating to projects in process as at the end of the fiscal year. These programs operate on a break-even basis with any excess of expenses over revenue being funded from donations or fee-based services or being carried forward against subsequent annual operating grants. Due to their restrictive nature, any excess funds from completed programs are either returned to their original source or taken into donor dollar funded programs after OMOD receives the appropriate approval.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 7. Deferred capital grants:

Details of amounts received for capital asset purchases and amortization of the balances are as follows:

	2012	2011
Balance, beginning of year	\$ 1,268,947	\$ 1,524,715
Amounts received	136,962	132,879
Amounts amortized to revenue	(286,978)	(388,647)
Amounts transferred to associated organizations	(258,146)	-
<b>Balance, end of year</b>	<b>\$ 860,785</b>	<b>\$ 1,268,947</b>

## 8. Internally restricted funds:

### (a) Capital Reserve:

In fiscal 2004, the Board established a separate Capital Reserve to build a cash reserve for major capital needs in the future, such as roof replacement, etc. The Board allocates funds at the end of each year. Since 2007, this amount has been \$25,000. The Board reviews the year-end balance each year and may, from time to time, make further allocations.

### (b) Stabilization Reserve:

OMOD established a stabilization reserve policy to address both short-term and long-term needs. The purpose of the Stabilization Reserve is to build working capital and to provide OMOD with the assurance that funds are available when needed due to unforeseen operating shortfalls, or for new initiatives and pilot projects. The Board allocates funds at the end of each fiscal year.

### (c) Board Restricted:

The Board has internally restricted these funds and refers to them cumulatively as the Ability and Beyond Funds. It is intended that only the revenue earned on the fund balances will be used to fund designated activities, except where approved by OMOD's Board.

An amount of \$1,392,160 (2011 - \$1,402,305) has been invested in pooled funds.

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 8. Internally restricted funds (continued):

Details of the Board Restricted funds balance are as follows:

	2012	2011
Balance, beginning of year	\$ 1,402,305	\$ 1,133,008
Donations	28,337	31,161
Investment income	31,375	31,658
Expenses, including grants and awards	(48,363)	(25,562)
Net change in unrealized gain on restricted investments (note 4)	(21,494)	93,798
YDAC programs	–	138,242
<b>Balance, end of year</b>	<b>\$ 1,392,160</b>	<b>\$ 1,402,305</b>

## 9. Fundraising and Charitable Gaming revenue and expenses:

OMOD derives fundraising revenue mainly from community campaigns, direct mail, corporate gifts, special events, monthly donations and charitable gaming. Donor acquisition represents the cost of acquiring direct mail donors, planned giving donors and telemarketing for new donors, and costs relating to start-up activities.

The Alcohol and Gaming Commission of Ontario requires disclosure of the following information on Nevada break-open ticket lotteries. Revenue from these lotteries is included in fundraising revenue and expenses are included in fundraising expenses as follows:

	2012	2011
Revenue	\$ 468,110	\$ 523,041
Expenses:		
Cost of tickets sold	60,859	68,734
Commissions:		
Retailer	89,083	95,739
Agent	54,762	58,943
License	27,990	30,607
Provincial government fees	62,768	72,528
	295,462	326,551
	<b>\$ 172,648</b>	<b>\$ 196,490</b>

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 10. Contracts with the Ministry of Community and Social Services:

OMOD has a variety of Service Contracts throughout Ontario with this Ministry. As required, a Transfer Payment Annual Reconciliation is provided to the Ministry for each of the Service Contracts listed below:

	Project code	Revenue	Expenses	Net	Cash funding	Receivable (payable)
London:						
Home and vehicle modification program	8618	\$ 1,382,400	\$ 1,382,400	\$ -	\$ 1,382,400	\$ -
Home and vehicle modification program	8621	9,545,700	9,545,700	-	9,545,700	-
		10,928,100	10,928,100	-	10,928,100	-
Ottawa:						
Passport initiative	8883	2,232,307	2,232,307	-	2,232,307	-
Thunder Bay:						
Rehabilitation services	8868/8915	205,593	205,593	-	205,593	-
Niagara:						
Rehabilitation services	8868	152,066	152,066	-	152,066	-
Thunder Bay:						
WITS program	8612	69,400	69,400	-	69,400	-
Kingston:						
School aged contract	8868	13,568	13,568	-	15,506	(1,938)
		2,672,934	2,672,934	-	2,674,872	(1,938)
		\$ 13,601,034	\$ 13,601,034	\$ -	\$ 13,602,972	\$ (1,938)

## 11. Credit facility:

OMOD entered into a credit agreement with its lenders for a line of credit of \$2,000,000 and a letter of credit facility of \$100,000, which is secured by term deposits or balances on accounts held with the bank. The line of credit facility is covered by a General Security Agreement with a floating charge specific to the assets located at 10 Overlea Boulevard, Toronto that are repayable on demand. The operating line of credit bears interest at OMOD's bank prime rate on amounts drawn. At March 31, 2012, no amount has been drawn from this facility (2011 - \$nil).

# ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 12. Commitments and contingencies:

In the normal course of operations, OMOD enters into a variety of commitments and incurs various contingencies. These are not accounted for until the amounts are reasonably determinable.

OMOD has commitments for its leased equipment and premises. The approximate future minimum annual lease payments are as follows:

	Equipment	Premises	Total
2013	\$ 129,000	\$ 2,281,000	\$ 2,410,000
2014	56,000	1,445,000	1,501,000
2015	36,000	1,103,000	1,139,000
2016	17,000	699,000	716,000
2017	6,000	507,000	513,000
Thereafter	–	87,000	87,000
	<u>\$ 244,000</u>	<u>\$ 6,122,000</u>	<u>\$ 6,366,000</u>

## 13. Pension plan:

OMOD provides pension benefits for substantially all of its permanent employees through a defined contribution plan. Mandatory contributions are required from both participating permanent employees and OMOD in accordance with established contribution rates. For the year ended March 31, 2012, OMOD incurred \$862,707 (2011 - \$884,172) as its pension contribution expense.

## 14. Allocation of expenses:

Administration expenses of \$5,432,196 (2011 - \$5,202,505) have been allocated as follows:

	2012	2011
Independent Living Services	\$ 4,832,470	\$ 4,667,877
Employment Services	461,486	396,388
AccessAbility® Services	138,240	138,240
	<u>\$ 5,432,196</u>	<u>\$ 5,202,505</u>

# **ONTARIO MARCH OF DIMES**

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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**15. Comparative figures:**

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