

Financial Statements of

**ERINOAKKIDS FOUNDATION**

Year ended March 31, 2012



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
ERINOAKKIDS Foundation

We have audited the accompanying financial statements of ERINOAKKIDS Foundation, which comprise the statement of financial position as at March 31, 2012, the statements of operations and changes in net assets 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 generally accepted accounting principles, 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 qualified audit opinion.



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*Basis for Qualified Opinion*

In common with many charitable organizations, ERINOAKKIDS Foundation derives part of its revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of ERINOAKKIDS Foundation and we were not able to determine whether, as at or for the year ended March 31, 2012, any adjustments might be necessary to donation revenue and excess of revenue over expenses reported in the statements of operations and changes in net assets, excess of revenue over expenses reported in the statements of cash flows and changes in current assets and restricted net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the 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 financial statements present fairly, in all material respects, the financial position of ERINOAKKIDS Foundation as at March 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

June 6, 2012  
Toronto, Canada

# ERINOAKKIDS FOUNDATION

## Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 218,707	\$ 234,585
Harmonized sales tax receivables	17,098	8,609
	<u>\$ 235,805</u>	<u>\$ 243,194</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Due to related party (note 2)	\$ 60,616	\$ 178,245
Accounts payable and accrued liabilities	6,000	5,000
Deferred revenue	13,025	-
	<u>79,641</u>	<u>183,245</u>
Net assets:		
Unrestricted	21,249	(18,115)
Restricted	134,915	78,064
	<u>156,164</u>	<u>59,949</u>
	<u>\$ 235,805</u>	<u>\$ 243,194</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# ERINOAKKIDS FOUNDATION

## Statement of Operations and Changes in Net Assets

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

			2012	2011
	Unrestricted	Restricted	Total	Total
Revenue:				
Annual givings	\$ 319,605	\$ 25,606	\$ 345,211	\$ 342,188
Operations (note 2)	78,999	—	78,999	164,934
Major gifts	82,250	58,268	140,518	115,250
	480,854	83,874	564,728	622,372
Expenses:				
Annual givings	73,326	—	73,326	87,534
Operations	368,013	—	368,013	419,679
Major gifts	151	—	151	586
	441,490	—	441,490	507,799
Disbursements	—	27,023	27,023	54,624
Excess of revenue over expenses	39,364	56,851	96,215	59,949
Net assets, beginning of year	(18,115)	78,064	59,949	—
Net assets, end of year	\$ 21,249	\$ 134,915	\$ 156,164	\$ 59,949

See accompanying notes to financial statements.

# ERINOAKKIDS FOUNDATION

## 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	\$ 96,215	\$ 59,949
Change in non-cash operating working capital:		
Harmonized sales tax receivables	(8,489)	(8,609)
Due to related party	(117,629)	178,245
Accounts payable and accrued liabilities	1,000	5,000
Deferred revenue	13,025	—
Increase (decrease) in cash and cash equivalents	(15,878)	234,585
Cash and cash equivalents, beginning of year	234,585	—
Cash and cash equivalents, end of year	\$ 218,707	\$ 234,585

See accompanying notes to financial statements.

# ERINOAKKIDS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

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ERINOAKKIDS Foundation (the "Foundation") is incorporated under the laws of Ontario, without share capital, with the purpose of raising funds to support the activities of ERINOAKKIDS Centre for Treatment and Development ("ERINOAKKIDS").

The Foundation is a registered charitable organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

## 1. Significant accounting policies:

### (a) Basis of presentation:

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

### (b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for restricted fund contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Grants and fundraising revenue are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions are recognized as a direct increase to net assets.

Restricted fund contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted fundings are recognized as revenue when earned.

### (c) Cash and cash equivalents:

The Foundation considers deposits in banks and short-term investments with original maturities of 90 days or less as cash and cash equivalents.

### (d) Deferred revenue:

Deferred revenue represents grants, donations and certain fundraising revenue for programs and expenditures to be made in future years. These will be recognized as income in the year the program is held or expenditure is made.

# ERINOAKKIDS FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2012

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## 1. Significant accounting policies (continued):

### (e) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (f) Financial instruments:

The fair values of cash and cash equivalents, due to related party and accounts payable and accrued liabilities approximate their carrying values unless otherwise stated.

Harmonized sales tax receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and due to related party are classified as other financial liabilities, which are measured at amortized cost.

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Related party transactions and balances:

The Foundation reimburses ERINOAKKIDS for all expenses and disbursements. At March 31, 2012, \$60,616 (2011 - \$178,245) was due to ERINOAKKIDS. The total support funded from ERINOAKKIDS as at March 31, 2012 was \$75,000 (2011 - \$150,000), which is included in unrestricted operations revenue.

## 3. Economic dependence:

As an organization in its start-up phase, the Foundation is economically dependent upon the continued financial support of ErinoakKids Centre for Treatment and Development through the provision of certain administrative services with no reimbursement required. The administrative services provided include accommodation, management and account support and are not recorded within these financial statements.