

Consolidated Financial Statements of

ONTARIO MARCH OF DIMES
(REHABILITATION FOUNDATION FOR THE DISABLED)
Continuing as March of Dimes Canada (effective May 8, 2013)

Years ended March 31, 2013 and 2012



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Ontario March of Dimes

We have audited the accompanying consolidated financial statements of Ontario March of Dimes (Rehabilitation Foundation for the Disabled), which comprise the consolidated balance sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, the consolidated statements of revenue and expenses, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 accounting standards for not-for-profit organizations, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits 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 this revenue 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 March 31, 2013, March 31, 2012 and April 1, 2011, and for the years ended March 31, 2013 and March 31, 2012, any adjustments might be necessary to fundraising revenue 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.

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, 2013, March 31, 2012 and April 1, 2011, and its consolidated results of operations and its consolidated cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

July 23, 2013
Toronto, Canada

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Balance Sheets

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash and restricted cash	\$ 7,520,717	\$ 7,452,071	\$ 5,750,258
Short-term investments	1,771,760	—	—
Accounts receivable (notes 2 and 3)	2,987,743	2,911,240	3,929,129
Prepaid expenses	250,414	254,014	252,307
Grants and allocations receivable	144,086	100,863	753,855
	<u>12,674,720</u>	<u>10,718,188</u>	<u>10,685,549</u>
Restricted investments (notes 4 and 9(d))	2,005,401	1,392,160	1,402,305
Capital assets (notes 5 and 17(a))	4,513,359	4,491,623	4,790,431
Intangible asset - trademark (note 1(d))	1,413,751	1,413,751	1,413,751
	<u>\$ 20,607,231</u>	<u>\$ 18,015,722</u>	<u>\$ 18,292,036</u>

Liabilities and Fund Balances

Current liabilities:

Accounts payable and accrued charges (note 6)	\$ 6,317,270	\$ 5,131,964	\$ 5,538,521
Unexpended program grants and deferred revenue (note 7)	1,661,782	1,490,863	738,104
Government advances	59,197	456,511	901,890
	<u>8,038,249</u>	<u>7,079,338</u>	<u>7,178,515</u>
Deferred capital grants (note 8)	1,021,671	860,785	1,268,947

Fund balances:

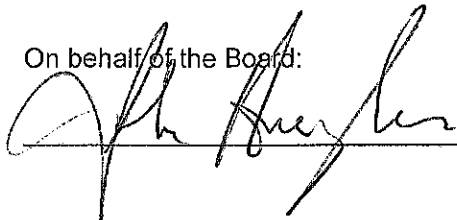
Invested in capital and intangible assets (note 17(a))	4,905,439	5,044,589	4,935,235
Internally restricted funds:			
Capital Reserve (note 9(a))	637,795	562,795	625,000
Stabilization Reserve (note 9(b))	3,859,548	3,076,055	2,882,034
Program Development and Evaluation Reserve (note 9(c))	300,000	—	—
Ability and Beyond (note 9(d))	1,844,529	1,392,160	1,402,305
	<u>11,547,311</u>	<u>10,075,599</u>	<u>9,844,574</u>

Commitments and contingencies (note 13)

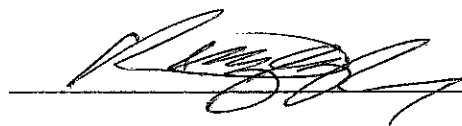
	<u>\$ 20,607,231</u>	<u>\$ 18,015,722</u>	<u>\$ 18,292,036</u>
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See accompanying notes to consolidated financial statements.

On behalf of the Board:



Director



Director

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Statements of Revenue and Expenses

Years ended March 31, 2013 and 2012

	2013	2012
Revenue:		
Government and other grants	\$ 66,139,499	\$ 64,994,938
Fees and sales	11,758,862	11,291,494
Program recovery	7,883,985	3,378,476
Fundraising (note 10)	6,141,517	5,688,768
Investment and other	892,248	839,602
	<u>92,816,111</u>	<u>86,193,278</u>
Expenses (note 15):		
Programs:		
Independent Living Services	49,000,023	46,459,185
Employment Services	15,175,410	18,423,491
AccessAbility® Services	11,705,113	11,917,264
Passport Services	8,324,526	2,211,140
Peer Support Services and Conductive Education®	1,197,729	1,100,004
Recreation and Integration Services	484,546	533,593
Issue Advocacy	306,064	321,401
Affirmative businesses	135,932	202,856
Grants and awards	45,642	53,840
	<u>86,374,985</u>	<u>81,222,774</u>
Fundraising (note 10)	2,097,080	1,952,083
Donor acquisition (note 10)	587,036	400,142
Administration	7,223,782	7,221,250
Administration recovery (note 15)	(5,570,852)	(5,432,196)
Amortization (note 5)	632,368	598,200
	<u>91,344,399</u>	<u>85,962,253</u>
Excess of revenue over expenses (note 17(b))	\$ 1,471,712	\$ 231,025

See accompanying notes to consolidated financial statements.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Statements of Changes in Fund Balances

Years ended March 31, 2013 and 2012

2013	Invested in capital and intangible assets	Operating Fund	Internally restricted funds				Total
			Capital Reserve	Stabilization Reserve	Program Development and Evaluation Reserve	Ability and Beyond	
Fund balances, beginning of year	\$ 5,044,589	\$ —	\$ 562,795	\$ 3,076,055	\$ —	\$ 1,392,160	\$ 10,075,599
Excess of revenue over expenses	(322,488)	1,794,200	—	—	—	—	1,471,712
Interfund transfers:							
Purchase of capital assets (note 5)	655,868	—	—	(655,868)	—	—	—
Deferred Capital Grants	(472,530)	—	—	472,530	—	—	—
Transfer to Capital Reserve (note 9(a))	—	—	75,000	(75,000)	—	—	—
Transfer to Stabilization Reserve (note 9(b))	—	(1,341,831)	—	1,341,831	—	—	—
Transfer to Program Development and Evaluation Reserve (note 9(c))	—	—	—	(300,000)	300,000	—	—
Ability and Beyond excess of revenue over expenses (notes 4 and 9(d))	—	(452,369)	—	—	—	452,369	—
	183,338	(1,794,200)	75,000	783,493	300,000	452,369	—
Fund balances, end of year	\$ 4,905,439	\$ —	\$ 637,795	\$ 3,859,548	\$ 300,000	\$ 1,844,529	\$ 11,547,311

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Statements of Changes in Fund Balances (continued)

Years ended March 31, 2013 and 2012

2012	Invested in capital and intangible assets	Operating Fund	Internally restricted funds			Total
			Capital Reserve	Stabilization Reserve	Ability and Beyond	
Fund balances, beginning of year (note 17(a))	\$ 4,935,235	\$ -	\$ 625,000	\$ 2,882,034	\$ 1,402,305	\$ 9,844,574
Excess (deficiency) of revenue over expenses	(311,222)	542,247	-	-	-	231,025
Interfund transfers:						
Purchase of capital assets (note 5)	557,538	-	(87,205)	(470,333)	-	-
Deferred Capital Grants	(136,962)	-	-	136,962	-	-
Transfer to Capital Reserve (note 9(a))	-	-	25,000	(25,000)	-	-
Transfer to Stabilization Reserve (note 9(b))	-	(552,392)	-	552,392	-	-
Ability and Beyond excess of revenue over expenses (notes 4, 9(d) and 17(b))	-	10,145	-	-	(10,145)	-
	420,576	(542,247)	(62,205)	194,021	(10,145)	-
Fund balances, end of year	\$ 5,044,589	\$ -	\$ 562,795	\$ 3,076,055	\$ 1,392,160	\$ 10,075,599

See accompanying notes to consolidated financial statements.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 1,471,712	\$ 231,025
Items not involving cash:		
Amortization	632,368	598,200
Amortization of deferred capital grants	(311,644)	(286,978)
Deferred capital grants transferred to associated organizations	-	(258,146)
Capital assets transferred to associated organizations	-	258,146
Loss on disposal of capital assets	1,764	-
Net change in unrealized gain on restricted investments	(96,233)	21,494
Change in non-cash operating working capital:		
Short-term investments	(1,771,760)	-
Accounts receivable	(76,503)	1,017,889
Prepaid expenses	3,600	(1,707)
Grants and allocations receivable	(43,223)	652,992
Accounts payable and accrued charges	1,185,306	(406,557)
Unexpended program grants and deferred revenue	170,919	752,759
Government advances	(397,314)	(445,379)
	768,992	2,133,738
Financing activities:		
Receipt of deferred capital grants	472,530	136,962
Investing activities:		
Restricted investments	(517,008)	(11,349)
Purchase of capital assets	(655,868)	(557,538)
	(1,172,876)	(568,887)
Increase in cash and cash equivalents	68,646	1,701,813
Cash and cash equivalents, beginning of year	7,452,071	5,750,258
Cash and cash equivalents, end of year	\$ 7,520,717	\$ 7,452,071
Represented by:		
Cash and restricted cash:		
Unrestricted	\$ 7,274,041	\$ 7,132,190
Restricted	246,676	319,881
	\$ 7,520,717	\$ 7,452,071

See accompanying notes to consolidated financial statements.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements

Years ended March 31, 2013 and 2012

The Canadian Foundation for Poliomyelitics 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 Poliomyelitics 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, Diskovery® 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.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

Since 2001, Ontario March of Dimes has operated a federally registered subsidiary (operating as March of Dimes Canada), which enabled the organization to provide services for people with disabilities across Canada. The financial statements have been consolidated and presented each year within one annual report. The national organization has been growing and offices now exist in four provinces and March of Dimes Canada partners to deliver CanVet Rehabilitation Services nationwide. In 2012, the organization applied for continuance under the new Canada Not-for-Profit Corporations Act and received full approval in May 2013. The Board approved the consolidation of all current operations in the new federal entity, which will be known as March of Dimes Canada, and the original national subsidiary will be known as March of Dimes Canada Foundation, which is incorporated to hold assets, fundraise and operate services, the specifics of which have not yet been determined.

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.

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.

On April 1, 2012, OMOD adopted Canadian accounting standards for not-for-profit organizations in Part III of The Canadian Institute of Chartered Accountants' (CICA) Handbook. These are the first consolidated financial statements prepared in accordance with not-for-profit standards.

In accordance with the transitional provisions in not-for-profit standards, OMOD has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. All comparative information provided has been presented by applying not-for-profit standards.

A summary of transitional adjustments recorded to fund balances and excess of revenue over expenses is provided in note 17.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook.

(a) Revenue recognition:

OMOD follows the deferral method of accounting for contributions.

Government and other grants, fees and sales, program recovery 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.

Investment income is recognized as earned.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. OMOD has elected to carry investments at fair value.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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, OMOD 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 OMOD 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.

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 statements of revenue and expenses and is transferred to the Ability and Beyond Funds annually.

The carrying amounts of cash and restricted cash, short-term investments, 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.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Land associated with the 10 Overlea Boulevard property is recorded at deemed cost, being its fair value at April 1, 2011, the transition date to not-for-profit standards. All other land is recorded at cost. 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

When a capital asset no longer contributes to OMOD's ability to provide services, its carrying amount is written down to its residual value.

(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)

Years ended March 31, 2013 and 2012

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 statements 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the years. Actual results could differ from those estimates.

2. Accounts receivable:

	March 31, 2013	March 31, 2012	April 1, 2011
Trade	\$ 1,186,413	\$ 1,158,174	\$ 2,687,950
Fundraising and United Way	148,012	112,698	76,134
Harmonized Sales Tax	148,918	270,043	136,864
Other	1,529,400	1,395,325	1,091,024
Allowance for doubtful accounts	(25,000)	(25,000)	(62,843)
	<u>\$ 2,987,743</u>	<u>\$ 2,911,240</u>	<u>\$ 3,929,129</u>

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Accounts receivable (continued):

Included in trade accounts receivable is \$12,070 (March 31, 2012 - \$32,273; April 1, 2011 - \$357,187) 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. Trade accounts receivable also include \$623,217 (March 31, 2012 - \$587,491; April 1, 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, 2013 is \$230,396 (March 31, 2012 - \$250,957; April 1, 2011 - \$253,165), which is included in accounts receivable.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 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:

	March 31, 2013	March 31, 2012	April 1, 2011
Current assets	\$ 785,357	\$ 721,520	\$ 1,302,936
Capital assets	9,090,913	9,448,608	8,698,185
Total assets	\$ 9,876,270	\$ 10,170,128	\$ 10,001,121
Current liabilities	\$ 556,586	\$ 575,606	\$ 951,328
Mortgage payable	5,517,965	5,745,353	5,962,446
Deferred capital contributions	3,174,742	3,275,880	2,581,005
	9,249,293	9,596,839	9,494,779
Fund balances	626,977	573,289	506,342
Total liabilities and fund balances	\$ 9,876,270	\$ 10,170,128	\$ 10,001,121
		2013	2012
Revenue		\$ 1,347,139	\$ 1,248,058
Expenses, including amortization of \$364,841 (2012 - \$308,985) and repayment of grant subsidy of nil (2012 - \$8,764)		1,334,610	1,224,148
Excess of revenue over expenses		\$ 12,529	\$ 23,910
Cash flows provided by (used in):			
Operating activities		\$ 204,351	\$ 340,029
Financing activities		(152,581)	582,689
Investing activities		25,412	(1,028,308)
Net cash inflow (outflow)		\$ 77,182	\$ (105,590)

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

3. Associated organizations (continued):

(b) 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 2012 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.

(c) 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, 2012 and 2013, there were no transactions in YDAC and the existing Board is recommending to the membership the dissolution of this corporation.

4. Restricted investments:

	March 31, 2013		March 31, 2012		April 1, 2011	
	Cost	Fair value	Cost	Fair value	Cost	Fair value
Pooled funds	\$ 1,778,696	\$ 2,005,401	\$ 1,261,688	\$ 1,392,160	\$ 1,250,339	\$ 1,402,305

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

4. Restricted investments (continued):

The unrealized gain on restricted investments is \$226,705 (March 31, 2012 - \$130,472; April 1, 2011 - \$151,966).

The change in unrealized gain on restricted investments is \$96,233 for the year ended March 31, 2013 (March 31, 2012 - (\$21,494)) and is recorded in investment and other revenue in the consolidated statements of revenue and expenses. It is transferred from the Operating fund to the Ability and Beyond Funds (note 9(d)) each year.

5. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Land	\$ 1,901,383	\$ —	\$ 1,901,383
Buildings	1,629,467	1,008,510	620,957
Vehicles	483,633	364,388	119,245
Machinery, equipment computer hardware and software	13,839,717	12,460,341	1,379,376
Leasehold improvements	3,677,814	3,185,416	492,398
	\$ 21,532,014	\$ 17,018,655	\$ 4,513,359

March 31, 2012	Cost	Accumulated amortization	Net book value
Land	\$ 1,901,383	\$ —	\$ 1,901,383
Buildings	1,629,467	975,988	653,479
Vehicles	349,576	349,576	—
Machinery, equipment computer hardware and software	13,340,696	11,952,323	1,388,373
Leasehold improvements	3,681,239	3,132,851	548,388
	\$ 20,902,361	\$ 16,410,738	\$ 4,491,623

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

5. Capital assets (continued):

April 1, 2011	Cost	Accumulated amortization	Net book value
Land (note 17(a))	\$ 1,901,383	\$ —	\$ 1,901,383
Buildings	1,629,467	941,594	687,873
Vehicles	349,576	337,257	12,319
Machinery, equipment computer hardware and software	13,047,051	11,501,853	1,545,198
Leasehold improvements	3,712,860	3,069,202	643,658
	\$ 20,640,337	\$ 15,849,906	\$ 4,790,431

The total cost of capital assets acquired during the year was \$655,868 (March 31, 2012 - \$557,538; April 1, 2011 - \$529,243), and was partially financed by operating grants of \$472,530 (March 31, 2012 - \$136,962; April 1, 2011 - \$132,879).

Amortization expense related to donor dollar funded programs totalled \$320,724 (2012 - \$311,222).

Amortization expense relating to grant funded programs totalled \$311,644 (2012 - \$286,978).

6. Accounts payable and accrued charges:

Included in accounts payable and accrued charges are government remittances payable of \$610,548 (March 31, 2012 - \$538,213; April 1, 2011 - \$1,111,620), which includes amounts payable for payroll related taxes.

7. 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)

Years ended March 31, 2013 and 2012

7. Unexpended program grants and deferred revenue (continued):

In 2013, deferred revenue includes a contribution of \$160,872 from the estate of Peter Collins in support of OMOD programs in the Thunder Bay area. The contribution is deferred until such time as it is spent as designated by the donor (note 9(d)).

8. Deferred capital grants:

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

	2013	2012
Balance, beginning of year	\$ 860,785	\$ 1,268,947
Amounts received	472,530	136,962
Amounts amortized to revenue	(311,644)	(286,978)
Amounts transferred to associated organizations	—	(258,146)
Balance, end of year	\$ 1,021,671	\$ 860,785

9. Internally restricted funds:

(a) Capital Reserve Fund:

In fiscal 2004, the Board had established a separate Capital Reserve to build a cash reserve for future major capital needs, such as roof replacement, etc. The Board allocates funds at the end of each year. Since 2007, this amount has been a minimum of \$25,000. The Board reviewed the year-end balance each year and has, from time to time, made further allocations. An allocation of \$75,000 for 2012-2013 has been approved by the Board (2012 - \$25,000).

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

9. Internally restricted funds (continued):

(b) Stabilization Reserve Fund:

OMOD established a Stabilization Reserve policy to address both short- 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 policy states that the Stabilization Reserve should equal three months of operating expense minus the amount covered by government grant commitments. The current level should thus be \$4,800,000 and the Organization has not yet achieved the target. The Board allocates funds at the end of each fiscal year.

(c) Program Development and Evaluation Reserve Fund:

OMOD's Board established a Program Development and Evaluation Reserve with an allocation of \$300,000 (2012 - nil). This fund has been established to engage expertise to conduct methodologically and ethically sound evaluations on program results, as well as customer satisfaction surveys, and to provide special one-time allocation to develop national initiatives that can become self-sustaining.

(d) Ability and Beyond Funds:

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.

(i) Paul Martin Senior Research Fund:

Over 20 years ago, OMOD established a Paul Martin Senior Biomedical and Rehabilitation Research Fund. This fund has been established to contribute to significant research in the area of disability, and to position OMOD as a continuing member in the Canadian research community, thus adding our brand and reputation in this field. In 2012-2013, the Board allocated \$100,000 (2012 - nil) to this fund.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

9. Internally restricted funds (continued):

(ii) Dr. Ed and Robbie Yielding Fund:

In 2012-2013, the Board added one other fund to the internally restricted Ability and Beyond Funds, in compliance with a designated bequest of \$202,604: the Dr. Ed and Robbie Yielding Fund for Stroke Recovery.

Details of the Ability and Beyond Funds balance are as follows:

	2013	2012
Balance, beginning of year	\$ 1,392,160	\$ 1,402,305
Donations	215,816	28,337
Investment income	40,320	31,375
Expenses, including grants and awards	-	(48,363)
Net change in unrealized gain (loss) on restricted investments (note 4)	96,233	(21,494)
Transfer to Paul Martin Senior Research Fund	100,000	-
Balance, end of year	\$ 1,844,529	\$ 1,392,160

An amount of \$2,005,401 (2012 - \$1,392,160) has been invested in pooled funds, represented by:

	2013	2012
Ability and Beyond Funds	\$ 1,844,529	\$ 1,392,160
Peter Collins deferred contribution (note 7)	160,872	-
	\$ 2,005,401	\$ 1,392,160

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

10. 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:

	2013	2012
Revenue	\$ 416,245	\$ 468,110
Expenses:		
Cost of tickets sold	53,629	60,859
Commissions:		
Retailer	79,190	89,083
Agent	48,653	54,762
License	24,660	27,990
Provincial government fees	55,179	62,768
	261,311	295,462
	\$ 154,934	\$ 172,648

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

11. 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:

2013	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 9,245,700	9,245,700	-	9,245,700	-
		10,628,100	10,628,100	-	10,628,100	-
Ottawa:						
	Passport initiative	8883 8,406,473	8,406,473	-	7,827,410	579,063
Thunder Bay:						
	Rehabilitation services	8868 211,001	211,001	-	211,001	-
Niagara:						
	PET Program	8868 147,613	147,613	-	147,613	-
Kingston:						
	School aged contract	8868 13,568	13,568	-	15,506	(1,938)
Thunder Bay:						
	WITS program	8612 61,900	61,900	-	61,900	-
		8,840,555	8,840,555	-	8,263,430	577,125
		\$ 19,468,655	\$ 19,468,655	\$ -	\$ 18,891,530	\$ 577,125

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

11. Contracts with the Ministry of Community and Social Services (continued):

2012	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)

12. 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, 2013, no amount has been drawn from this facility (March 31, 2012 - nil; April 1, 2011 - nil).

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

13. 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
2014	\$ 113,000	\$ 1,904,000	\$ 2,017,000
2015	98,000	1,164,000	1,262,000
2016	71,000	731,000	802,000
2017	44,000	276,000	320,000
2018	9,000	81,000	90,000
Thereafter	—	355,000	355,000
	<u>\$ 335,000</u>	<u>\$ 4,511,000</u>	<u>\$ 4,846,000</u>

14. 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, 2013, OMOD incurred \$895,026 (2012 - \$862,707) as its pension contribution expense.

15. Allocation of expenses:

Administration expenses of \$5,570,852 (2012 - \$5,432,196) have been allocated as follows:

	2013	2012
Independent Living Services	\$ 4,981,121	\$ 4,832,470
Employment Services	389,811	461,486
AccessAbility® Services	138,240	138,240
Passport Services	61,680	—
	<u>\$ 5,570,852</u>	<u>\$ 5,432,196</u>

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

16. Financial risks and concentration of credit risk:

The financial instruments held by OMOD are exposed to a variety of financial risks. OMOD seeks to minimize the potential adverse effects of these risks by regularly monitoring the position of investments, market events and the active management of the investment portfolio within the constraints of OMOD's Investment Policies. There has been no change to the risk exposure from the prior year.

Significant risks that are relevant to OMOD are as follows:

(a) Liquidity risk:

Liquidity risk is the risk that OMOD will be unable to fulfill its obligations on a timely basis or at a reasonable cost. OMOD manages its liquidity risk by maintaining pooled fund investments which are highly liquid investments that are readily convertible to known amounts of cash. OMOD also prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Accounts receivable are subject to credit risk. OMOD assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Cash is held in creditworthy financial institutions.

(c) Other price and interest rate risk:

The risks associated with the restricted investments are the risks associated with the securities in which the funds are invested. The value of securities will vary with developments within the specific companies or governments which issue the securities. Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities in the pooled fund investments held by OMOD. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. OMOD has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Years ended March 31, 2013 and 2012

17. Transitional adjustments:

(a) Fund balances:

The following table summarizes the impact of the transition to not-for-profit standards on OMOD's fund balances as of April 1, 2011:

Fund balances:	
As previously reported under Canadian generally accepted accounting principles, March 31, 2011	\$ 8,819,746
Transition election to measure land at fair value (i)	1,024,828
Restated, April 1, 2011	\$ 9,844,574

(i) In accordance with transitional provisions of not-for-profit standards, OMOD has elected to measure land at the 10 Overlea Boulevard property at April 1, 2011 using the fair value election.

(b) Excess of revenue over expenses:

As a result of the retrospective application of not-for-profit standards, OMOD recorded the following adjustments to excess of revenue over expenses for the year ended March 31, 2012:

Excess of revenue over expenses:	
As previously reported under Canadian generally accepted accounting principles for the year ended March 31, 2012	\$ 252,519
Recognition of net change in unrealized gain on restricted investments previously reported directly in the statement of changes in fund balances	(21,494)
Restated for the year ended March 31, 2012	\$ 231,025