



Financial Statements

Dalhousie Medical Research Foundation

March 31, 2013 and 2012

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Independent auditor's report

To the directors of the
Dalhousie Medical Research Foundation

We have audited the accompanying financial statements of Dalhousie Medical Research Foundation ("the Foundation"), which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and changes in fund balances, and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditor's responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the Foundation'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 Foundation'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.

Basis for qualified opinion

In common with many non-profit organizations, the Foundation derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenses, assets and fund balances.

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 positions of the Foundation as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Accounting standards for not-for-profit organizations.



Halifax, Canada
June 5, 2013

Chartered Accountant

Dalhousie Medical Research Foundation

Statement of financial position

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March 31

2013

2012

	General fund	Restricted fund	Endowment fund	<u>Total</u>	<u>Total</u>
Assets					
Current					
Cash and cash equivalents	\$ 71,383	\$ -	\$ -	\$ 71,383	\$ 204,925
Prepays	1,791	-	-	1,791	4,024
Other assets	21,850	-	-	21,850	21,850
Receivables					
Other receivables	-	-	-	-	-
Accrued investment income	744	127,541	-	128,285	237,684
HST receivable	16,889	-	-	16,889	10,565
Receivable from Dalhousie University	<u>92,294</u>	<u>-</u>	<u>-</u>	<u>92,294</u>	<u>11,716</u>
	204,951	127,541	-	332,492	490,764
Investments, at market value (note 4)	346,980	4,008,221	55,468,995	59,824,196	54,987,757
Capital assets (note 5)	85,862	-	-	85,862	6,086
Interfund	<u>36,369</u>	<u>(41,032)</u>	<u>4,663</u>	<u>-</u>	<u>-</u>
	<u>\$ 674,162</u>	<u>\$ 4,094,730</u>	<u>\$ 55,473,656</u>	<u>\$ 60,242,550</u>	<u>\$ 55,484,607</u>

Liabilities and fund balances

Liabilities

Current

Payables and accruals	\$ 328,338	\$ 81,500	\$ -	\$ 409,838	\$ 129,841
Payable to Dalhousie University	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	328,336	81,500	-	409,838	129,841

Fund balances

	<u>345,826</u>	<u>4,013,230</u>	<u>55,473,656</u>	<u>59,832,712</u>	<u>55,354,766</u>
	<u>\$ 674,162</u>	<u>\$ 4,094,730</u>	<u>\$ 55,473,656</u>	<u>\$ 60,242,550</u>	<u>\$ 55,484,607</u>

On behalf of the Board

_____ Director

_____ Director

See accompanying notes to the financial statements.

Dalhousie Medical Research Foundation
Statement of financial position

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March 31
2012

April 1
2011

	<u>General fund</u>	<u>Restricted fund</u>	<u>Endowment fund</u>	<u>Total</u>	<u>Total</u>
Assets					
Current					
Cash and cash equivalents	\$ 204,925	\$ -	\$ -	\$ 204,925	\$ 138,131
Prepays	4,024	-	-	4,024	7,618
Other assets	21,850	-	-	21,850	21,850
Receivables					
Other receivables	-	-	-	-	665,871
Accrued investment income	1,713	235,971	-	237,684	210,349
HST receivable	10,565	-	-	10,565	32,879
Receivable from Dalhousie University	<u>11,716</u>	<u>-</u>	<u>-</u>	<u>11,716</u>	<u>-</u>
	254,793	235,971	-	490,764	1,076,698
Investments, at market value (note 4)	396,249	3,636,589	50,954,919	54,987,757	55,804,517
Capital assets (note 5)	6,086	-	-	6,086	10,646
Interfund	<u>(129,893)</u>	<u>(210,199)</u>	<u>340,092</u>	<u>-</u>	<u>-</u>
	<u>\$ 527,235</u>	<u>\$ 3,662,361</u>	<u>\$ 51,295,011</u>	<u>\$ 55,484,607</u>	<u>\$ 56,891,861</u>

Liabilities and fund balances

Liabilities

Current

Payables and accruals	\$ 128,341	\$ 1,500	\$ -	\$ 129,841	\$ 23,894
Payable to Dalhousie University	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>
	128,341	1,500	-	129,841	25,870

Fund balances

	<u>398,894</u>	<u>3,660,861</u>	<u>51,295,011</u>	<u>55,354,766</u>	<u>56,865,991</u>
	<u>\$ 527,235</u>	<u>\$ 3,662,361</u>	<u>\$ 51,295,011</u>	<u>\$ 55,484,607</u>	<u>\$ 56,891,861</u>

See accompanying notes to the financial statements.

Dalhousie Medical Research Foundation

Statements of financial position

April 1

2011

	<u>General fund</u>	<u>Restricted fund</u>	<u>Endowment fund</u>	<u>Total</u>
Assets				
Current				
Cash and cash equivalents	\$ 138,131	\$ -	\$ -	\$ 138,131
Prepays	7,618	-	-	7,618
Other assets	21,850	-	-	21,850
Receivables				
Other receivables	665,871	-	-	665,871
Accrued investment income	1,572	208,777	-	210,349
HST receivable	<u>32,879</u>	<u>-</u>	<u>-</u>	<u>32,879</u>
	867,921	208,777	-	1,076,698
Investments, at market value (note 4)	416,923	3,605,575	51,782,019	55,804,517
Capital assets (note 5)	10,646	-	-	10,646
Interfund	<u>(846,266)</u>	<u>(138,694)</u>	<u>984,960</u>	<u>-</u>
	<u>\$ 449,224</u>	<u>\$ 3,675,658</u>	<u>\$ 52,766,979</u>	<u>\$ 56,891,861</u>
Liabilities and fund balances				
Liabilities				
Current				
Payables and accruals	\$ 22,394	\$ 1,500	\$ -	\$ 23,894
Payable to Dalhousie University	<u>1,976</u>	<u>-</u>	<u>-</u>	<u>1,976</u>
	24,370	1,500	-	25,870
Fund balances	<u>424,854</u>	<u>3,674,158</u>	<u>52,766,979</u>	<u>56,865,991</u>
	<u>\$ 449,224</u>	<u>\$ 3,675,658</u>	<u>\$ 52,766,979</u>	<u>\$ 56,891,861</u>

See accompanying notes to the financial statements.

Dalhousie Medical Research Foundation

Statements of operations and changes in fund balances

(Page 7)

Years ended March 31

2013

2012

	General fund	Restricted fund	Endowment fund	Total	Total
Revenue					
Investment income (loss) (note 6)	\$ 2,773,198	\$ 2,621,173	\$ 587,723	\$5,982,094	\$ (672,892)
Donations (note 2)	<u>742,418</u>	<u>776,818</u>	<u>409,170</u>	<u>1,928,406</u>	<u>2,211,635</u>
	<u>3,515,616</u>	<u>3,397,991</u>	<u>996,893</u>	<u>7,910,500</u>	<u>1,538,743</u>
Expenses					
Research activities					
Equipment grants	84,421	47,740	-	132,161	193,499
Less: recovery of grants	(7,729)	-	-	(7,729)	(128)
Studentships		55,000	-	55,000	60,000
Graduate studentships		20,000	-	20,000	18,000
Prizes and awards	2,000	34,350	-	36,350	26,449
Research grants	594,715	1,117,565	-	1,712,280	1,407,621
Beatrice Hunter Cancer Research Institute		<u>661,653</u>	-	<u>661,653</u>	<u>657,794</u>
	<u>673,407</u>	<u>1,936,308</u>	-	<u>2,609,715</u>	<u>2,363,235</u>
General operating	197,048	143,217	-	340,265	353,869
Fundraising	<u>482,574</u>	-	-	<u>482,574</u>	<u>332,864</u>
	<u>679,622</u>	<u>143,217</u>	-	<u>822,839</u>	<u>686,733</u>
	<u>1,353,029</u>	<u>2,079,525</u>	-	<u>3,432,554</u>	<u>3,049,968</u>
Excess of revenue over expenses (expenses over revenue)	2,162,587	1,318,466	996,893	4,477,946	(1,511,225)
Fund balances, beginning of year	398,894	3,660,861	51,295,011	55,354,766	56,865,991
Interfund transfers (note 7)	<u>(2,215,655)</u>	<u>(966,097)</u>	<u>3,181,752</u>	-	-
Fund balances, end of year	<u>\$ 345,826</u>	<u>\$ 4,013,230</u>	<u>\$ 55,473,656</u>	<u>\$59,832,712</u>	<u>\$55,354,766</u>

See accompanying notes to the financial statements.

Dalhousie Medical Research Foundation

Statements of operations and changes in fund balances

March 31

2012

	General fund	Restricted fund	Endowment fund	Total
Revenue				
Investment income (loss) (note 6)	\$ (363,804)	\$ 289,777	\$ (598,865)	\$ (672,892)
Donations (note 2)	<u>1,286,893</u>	<u>554,028</u>	<u>370,714</u>	<u>2,211,635</u>
	<u>923,089</u>	<u>843,805</u>	<u>(228,151)</u>	<u>1,538,743</u>
Expenses				
Research activities:				
Equipment grants	142,427	51,072	-	193,499
Less: recovery of grants	(128)	-	-	(128)
Studentships	-	60,000	-	60,000
Graduate studentships	-	18,000	-	18,000
Prizes and awards	2,000	24,449	-	26,449
Research grants	686,301	721,320	-	1,407,621
Beatrice Hunter Cancer Research Institute	<u>1,430</u>	<u>656,364</u>	<u>-</u>	<u>657,794</u>
	<u>832,030</u>	<u>1,531,205</u>	<u>-</u>	<u>2,363,235</u>
General operating	353,869	-	-	353,869
Fundraising	<u>332,864</u>	<u>-</u>	<u>-</u>	<u>332,864</u>
	<u>686,733</u>	<u>-</u>	<u>-</u>	<u>686,733</u>
	<u>1,518,763</u>	<u>1,531,205</u>	<u>-</u>	<u>3,049,968</u>
Excess of (expenses over revenue) revenue over expenses	(595,674)	(687,400)	(228,151)	(1,511,225)
Fund balances, beginning of year	424,854	3,674,158	52,766,979	56,865,991
Interfund transfers (note 7)	<u>569,714</u>	<u>674,103</u>	<u>(1,243,817)</u>	<u>-</u>
Fund balances, end of year	<u>\$ 398,894</u>	<u>\$ 3,660,861</u>	<u>\$51,295,011</u>	<u>\$55,354,766</u>

See accompanying notes to the financial statements.

Dalhousie Medical Research Foundation

Statement of cash flows

Year ended March 31

2013

2012

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenues over expenses (expenses over revenues)	\$ 4,477,946	\$ (1,511,225)
Unrealized (gain) loss on investments	(8,979,223)	2,976,069
Unrealized loss on foreign exchange contract	197,154	226,273
Realized loss (gain) on disposal of investments	4,886,984	(423,901)
Depreciation	20,258	5,704
In-kind donations	(518,176)	(654,497)
	84,943	618,423

Change in non-cash working capital (note 10)

385,305	770,391
470,248	1,388,814

Investing

Proceeds from (purchase of) the sale of investments, net	(423,178)	(1,307,183)
Purchase of capital assets	(100,034)	(1,145)
	(523,212)	(1,308,328)

Financing

Payments to Dalhousie University	(80,578)	(13,692)
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Net (decrease) increase in cash and cash equivalents

(133,542)	66,794
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Cash and cash equivalents

Beginning of year	204,925	138,131
End of year	\$ 71,383	\$ 204,925

See accompanying notes to the financial statements.

Dalhousie Medical Research Foundation

Notes to the financial statements

March 31, 2013

1. Purpose of the Foundation

The Foundation is incorporated under the provisions of the Revised Statutes of Nova Scotia, 1967, the Societies Act. The Foundation provides financial support for research activities in the Faculty of Medicine at Dalhousie University and affiliated teaching institutions.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are as follows:

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, receivables and payables and accruals.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Current year impact on investment income (loss)

During the 2013 fiscal year, the Foundation has recorded net gains on investments totaling \$5,982,097. In accordance with Section 3856, it is necessary for the Foundation to disclose the amount of realized and unrealized income or loss from investments. Realized income is income earned from interest that has been collected or accrued in the current fiscal period along with gains or losses from the disposal of investments. Unrealized income or loss is the amount that is recorded showing the increase or decrease in market value of the investments currently being held by the Foundation at year end. Investment income for the period April 1, 2012 to March 31, 2013 is comprised of \$2,799,972 realized losses and \$8,979,223 unrealized gains on investments, and \$197,154 unrealized loss on foreign exchange contracts.

Capital assets

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	3 years
Computer equipment	3 years
Leasehold improvements	7 years

Dalhousie Medical Research Foundation

Notes to the financial statements

March 31, 2013

2. Summary of significant accounting policies (continued)

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions, which include donations, bequests and proceeds from special events.

The *General Fund* accounts for unrestricted contributions.

The *Restricted Fund* accounts for contributions that have been restricted by a donor for specific research activities and/or area of research. It is the Board's policy to maintain and grow the capital of these funds indefinitely unless otherwise indicated by the donor.

The *Endowment Fund* accounts for contributions whereby the capital is to be maintained permanently either by donor restrictions and/or Board of Directors appropriation.

Revenue recognition

Unrestricted donations, including bequests, are recognized as revenue of the General Fund when received. Those donations, restricted internally by the Foundation for a specific purpose, are transferred to the Restricted Fund.

Restricted donations, including specific bequests designated for specific purposes and/or area of research, are recognized as revenue of the Restricted Fund when received.

Contributions whereby the donor has directed that the capital resource be maintained permanently are recognized as revenue of the Endowment Fund.

Investment income earned on Endowment Fund resources, restricted for a specified purpose, is recognized as revenue of the Restricted Fund and transferred after expenses to the Endowment Fund. Investment income earned on the General Endowment Fund resources is recognized as revenue of the General Fund and transferred after expenses to the Endowment Fund. Where income earned on endowed resources is specifically designated by the donor to return to the principal balance, amounts are shown as revenue in the Endowment Fund.

Restrictions on fund balances

The Foundation has established a resource management policy that stipulates that the economic value of fund balances must be protected by limiting the amount of investment income that may be expended each year on research programs.

To meet the foregoing requirement, the Foundation has established and maintains the following practices:

- research expenditures from any given fund are limited to 5% of the principal balance of that fund at the end of the preceding year;
- if income earned is more than the amount spent, the excess of income will be capitalized to the principal balances; and
- in no case, will the balance in any fund fall below the original contributed amount.

Fund allocations

Investment income earned during the year is allocated proportionately to all funds based on the fund balance of the preceding year, unless specifically attributable to a particular fund. In 2013, the Foundation adopted a policy of funding operating expenditures through investment income. The net amount of investment income is then allocated as above.

Dalhousie Medical Research Foundation

Notes to the financial statements

March 31, 2013

2. Summary of significant accounting policies (continued)

Public foundation

As outlined in section 149(1) of the Income Tax Act, the Foundation must spend a minimum of 3.5% of the value of all its property not used directly in charitable activities or administration.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of bank indebtedness, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Donated goods and services

Various organizations donate goods and services to assist the Foundation in carrying out its activities. These contributions have not been reflected in the financial statements.

Contributed services

A number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements unless measurable market value information is readily available.

Investments

Investments are carried at quoted market value. Gains or losses on sales of investments are recognized as investment income in the year of disposal.

Use of estimates

In preparation of the financial statements in conformity with Canadian generally accepted accounting principles, the Foundation's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Income taxes

The Foundation is a not-for-profit organization and, as such, is exempt from income tax.

3. First time adoption

These financial statements are the Foundation's first financial statements prepared using ASNPO. The date of transition to ASNPO is April 1, 2011. The accounting policies presented in note 2 to the financial statements were used to prepare the financial statements for the year ended March 31, 2013, the comparative information and the opening balance sheet as at the date of transition.

Impact of transition on net assets as at April 1, 2011

The impact of the transition to the new accounting standards on the Foundation's net assets at April 1, 2011, the date of transition, is nil.

Reconciliation of excess of expenses over revenue as at March 31, 2012

The excess of expenses over revenues as at March 31, 2012 determined using ASNPO is equivalent to that determined using the previous accounting standards (pre-changeover accounting standards).

Statement of cash flows

Accounting standards regarding cash flows included in ASNPO are similar to those included in the previous accounting standards. The Foundation has not made any adjustment to the statement of cash flows.

Dalhousie Medical Research Foundation

Notes to the financial statements

March 31, 2013

3. First time adoption (continued)

Exceptions relating to first-time adoption

Section 1501 *First-time adoption by not-for-profit organizations*, contains exemptions to full retrospective application which the Institute may use upon transition. The Foundation did not apply any optional exemptions.

4. Investments

	Treasury Bills	Stocks	Bonds	Cash	CSV of life insurance	Total
March 31, 2013						
Book value	\$ 1,391,867	\$39,812,725	\$14,074,727	\$ 80,576	\$ 21,006	\$55,380,901
Market value	\$ 1,391,867	\$44,159,286	\$14,171,461	\$ 80,576	\$ 21,006	\$59,824,196
March 31, 2012						
Book value	\$1,844,483	\$50,774,239	\$8,861,270	\$ 50,311	\$ 19,405	\$61,549,708
Market value	\$1,844,483	\$43,880,165	\$9,193,393	\$ 50,311	\$ 19,405	\$54,987,757
April 1, 2011						
Book value	\$3,593,570	\$46,669,966	\$9,145,719	\$ 175,651	\$ 16,658	\$59,601,564
Market value	\$3,593,570	\$42,655,752	\$9,362,886	\$ 175,651	\$ 16,658	\$55,804,517

5. Capital assets

	Cost	Accumulated depreciation	March 31 2013 total
Leaseholds	\$ 98,668	\$ 14,097	\$ 84,571
Computer equipment	6,378	5,166	1,212
Software	<u>12,109</u>	<u>12,030</u>	<u>79</u>
	\$ 117,155	\$ 31,293	\$ 85,862
		Accumulated depreciation	March 31 2012 total
Leaseholds	\$ -	\$ -	\$ -
Computer equipment	5,013	3,040	1,973
Software	<u>12,109</u>	<u>7,996</u>	<u>4,113</u>
	\$ 17,122	\$ 11,036	\$ 6,086

Dalhousie Medical Research Foundation

Notes to the financial statements

March 31, 2013

5. Capital assets (continued)

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>April 1 2011 total</u>
Leaseholds	\$ -	\$ -	\$ -
Computer equipment	4,017	1,369	2,738
Software	<u>11,870</u>	<u>3,962</u>	<u>7,908</u>
	<u>\$ 15,977</u>	<u>\$ 5,331</u>	<u>\$ 10,646</u>

6. Investment income (loss)

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 2,087,009	\$ 2,105,549
Realized (loss) gain on disposal of investments	(4,886,984)	423,901
Unrealized gain (loss) on investments	8,979,223	(2,976,069)
Unrealized loss on foreign exchange contract	<u>(197,154)</u>	<u>(226,273)</u>
	<u>\$ 5,982,094</u>	<u>\$ (672,892)</u>

7. Interfund transfers

<u>2013</u>	<u>General fund</u>	<u>Restricted fund</u>	<u>Endowment fund</u>
Donations	\$ (427,184)	\$ -	\$ 427,184
Unexpended investment income	(2,466,857)	-	2,466,857
Unexpended endowed income	-	(1,083,624)	1,083,624
Other transfers	<u>678,386</u>	<u>117,527</u>	<u>(795,913)</u>
	<u>\$ (2,215,655)</u>	<u>\$ (966,097)</u>	<u>\$ 3,181,752</u>
<u>2012</u>	<u>General fund</u>	<u>Restricted fund</u>	<u>Endowment fund</u>
Donations	\$ (918,066)	\$ -	\$ 918,066
Unexpended investment income	801,047	-	(801,047)
Unexpended endowed income	-	663,069	(663,069)
Other transfers	<u>686,733</u>	<u>11,034</u>	<u>(697,767)</u>
	<u>\$ 569,714</u>	<u>\$ 674,103</u>	<u>\$ (1,243,817)</u>

8. Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, receivables, investments, payables and accruals, and payable to Dalhousie University. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Dalhousie Medical Research Foundation

Notes to the financial statements

March 31, 2013

8. Financial instruments (continued)

Investments held by the Foundation are subject to foreign currency, interest rate, market and credit risk. Investments held are managed by professional investment managers in accordance with the Foundation's Investment Policy developed and monitored by the Investment Committee.

The Foundation uses forward foreign exchange contracts to manage its U.S. foreign exchange rate exposure. The Foundation does not enter into derivative financial instruments for trading or speculative purposes. These contracts have not been recorded in these financial statements.

The mark to market net loss on these contracts of \$ 197,154 (2012 – net loss of \$226,273) has been included in investment income for the year with a corresponding adjustment recorded on the balance sheet resulting in an amount of \$310,145 included in payables and accruals (2012 - \$112,991 included in payables and accruals; April 1, 2011 - \$605,601 included in other receivables).

The following provides the details of the forward foreign exchange contract outstanding:

<u>Date</u>	<u>Notional Principal</u>	<u>Original Term</u>	<u>Maturity Date</u>	<u>Mark to Market Position</u>
March 31, 2013	\$ 4,000,000	12 months	March 26, 2014	\$ (310,145)
March 31, 2012	6,000,000	12 months	June 1, 2012	(112,991)
April 1, 2011	6,000,000	12 months	June 1, 2011	605,601

The notional amount of this derivative contract represents the volume of outstanding transactions and serves as the basis upon which the return from the forward foreign exchange contract is determined.

9. Capital risk management

The Foundation's capital is comprised of General, Restricted and Endowment Fund balances. The Foundation's objectives when managing capital are to ensure that Funds received are appropriately allocated based upon their intended purpose and that cash and investments are managed to ensure the financial obligations and objectives of the respective Funds are met.

10. Statement of cash flows

The net change in non-cash working capital accounts related to operations represent the following:

	<u>2013</u>	<u>2012</u>
Decrease (increase) in		
Accrued investment income receivable	\$ 109,399	\$ 660,850
HST receivable	(6,324)	-
Prepays	2,233	3,594
Payables and accruals	<u>279,997</u>	<u>105,947</u>
	<u>\$ 385,305</u>	<u>\$ 770,391</u>