

Consolidated Financial Statements of

ONTARIO MARCH OF DIMES
(REHABILITATION FOUNDATION FOR THE DISABLED)

Year ended March 31, 2008



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AUDITORS' REPORT

To the Board of Directors of Ontario March of Dimes ("OMOD"®)
(Rehabilitation Foundation for the Disabled)

We have audited the consolidated balance sheet of Ontario March of Dimes (Rehabilitation Foundation for the Disabled) as at March 31, 2008 and the consolidated statements of revenue and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of OMOD's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, OMOD derives a portion of its revenue from fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of fundraising revenue was limited to the amounts recorded in the records of OMOD and we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of OMOD as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Corporations Act (Ontario), we report that, in our opinion, these principles have been applied, except for the change in valuing marketable securities and Restricted and Endowed investments as explained in note 2 to the financial statements, on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

June 13, 2008

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Balance Sheet

March 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash and restricted cash	\$ 3,414,469	\$ 4,818,716
Marketable securities (notes 2 and 3)	48,675	31,837
Accounts receivable (note 4)	5,338,790	3,738,413
Due from associated organization (note 14(a))	-	20,139
Prepaid expenses	517,576	608,710
Grants and allocations receivable	690,002	650,757
	<u>10,009,512</u>	<u>9,868,572</u>
Restricted and Endowed investments (notes 2, 3 and 11)	1,137,801	1,094,825
Capital assets (note 5)	3,743,777	4,128,241
Intangible assets - trademark (note 6)	1,593,751	1,683,751
	<u>\$ 16,484,841</u>	<u>\$ 16,775,389</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued charges	\$ 5,250,235	\$ 5,677,963
Due to associated organization (note 14(a))	2,891	-
Unexpended program grants and deferred revenue (note 7)	486,190	574,754
Government advances (note 8)	1,886,746	1,630,643
	<u>7,626,062</u>	<u>7,883,360</u>
Deferred capital grants (note 9)	1,412,192	1,705,089
Fund balances:		
Invested in capital and intangible assets	3,925,336	4,106,903
Capital Reserve Fund (note 10(a))	550,000	525,000
Stabilization Reserve Fund (note 10(b))	1,833,450	1,460,212
	<u>6,308,786</u>	<u>6,092,115</u>
Restricted and Endowed (note 11):		
Board Restricted Fund	792,111	767,999
Donor Restricted Fund	171,883	149,398
Endowed Fund	182,784	177,428
Net unrealized loss on Restricted and Endowed investments	(8,977)	-
	<u>1,137,801</u>	<u>1,094,825</u>
	<u>7,446,587</u>	<u>7,186,940</u>
Commitments and contingencies (notes 15 and 17)		
	<u>\$ 16,484,841</u>	<u>\$ 16,775,389</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board: Alister Byrne Director John Humphreys Director

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Consolidated Statement of Revenue and Expenses

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Government grants	\$ 51,901,219	\$ 52,799,811
Program recovery	16,993,290	13,650,503
Fees and sales	13,358,359	13,140,038
Fundraising (note 12)	5,839,694	5,618,490
Investment and other	940,954	1,211,588
	<u>89,033,516</u>	<u>86,420,430</u>
Expenses:		
Programs:		
Independent Living Services	38,020,744	37,309,410
Employment Services	31,347,959	27,787,356
AccessAbility® Services	11,933,504	13,984,538
Affirmative businesses	866,294	947,949
Recreation and Integration Services	510,566	435,527
Peer Support Services and Conductive Education®	1,036,466	1,082,776
Issue advocacy	224,007	239,959
Grants and awards	37,876	70,208
	<u>83,977,416</u>	<u>81,857,723</u>
Fundraising (note 12)	2,900,077	2,941,341
Donor acquisition (note 12)	727,030	503,445
Unallocated program and administration support	313,306	313,236
Amortization (notes 5 and 6)	847,063	782,561
	<u>88,764,892</u>	<u>86,398,306</u>
Excess of revenue over expenses	\$ 268,624	\$ 22,124

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, 2008, with comparative figures for 2007

	Restricted and Endowed Funds						Total			
	Invested in capital and intangible assets	Capital Reserve Fund	Stabilization Reserve Fund	Net unrealized gain (loss) on marketable securities	Board Restricted	Donor Restricted		Endowed investments	Net unrealized gain (loss) on Restricted and Endowed investments	Total
Fund balances, beginning of year	\$ 4,106,903	\$ 525,000	\$ 1,460,212	\$ -	\$ 767,999	\$ 149,398	\$ 177,428	\$ -	\$ 7,186,940	\$ 7,186,816
Change in accounting policy (note 2)	-	-	-	793	-	-	-	80,658	81,451	-
Excess (deficiency) of revenue over expenses	(361,824)	-	578,495	-	24,112	22,485	5,356	-	268,624	22,124
Interfund transfers:										
Purchase of capital assets	372,599	-	(372,599)	-	-	-	-	-	-	-
Deferred capital grants	(192,342)	-	192,342	-	-	-	-	-	-	-
Board policy transfer to Capital Reserve Fund	-	25,000	(25,000)	-	-	-	-	-	-	-
Net change in unrealized gain/loss	-	-	-	(793)	-	-	-	(89,635)	(90,428)	-
Fund balances, end of year	\$ 3,925,336	\$ 550,000	\$ 1,833,450	\$ -	\$ 792,111	\$ 171,883	\$ 182,784	\$ (8,977)	\$ 7,446,587	\$ 7,186,940

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, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 268,624	\$ 22,124
Items not involving cash:		
Amortization	847,063	782,561
Amortization of deferred capital grants	(485,239)	(442,477)
Change in non-cash operating working capital:		
Accounts receivable	(1,600,377)	138,982
Due from/to associated organization	23,030	63,117
Prepaid expenses	91,134	42,204
Grants and allocations receivable	(39,245)	136,063
Accounts payable and accrued charges	(427,728)	1,374,144
Unexpended program grants and deferred revenue	(88,564)	49,773
Government advances	256,103	(2,144,256)
	(1,155,199)	22,235
Investing activities:		
Restricted and Endowed investments	(51,953)	(24,842)
Purchase of capital assets, net of deferred capital grants	(180,257)	(92,870)
	(232,210)	(117,712)
Decrease in cash and cash equivalents	(1,387,409)	(95,477)
Cash and cash equivalents, beginning of year	4,850,553	4,946,030
Cash and cash equivalents, end of year	\$ 3,463,144	\$ 4,850,553
Represented by:		
Cash and restricted cash:		
Restricted	\$ 888,232	\$ 804,381
Unrestricted	2,526,237	4,014,335
Marketable securities	48,675	31,837
	\$ 3,463,144	\$ 4,850,553

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2008

The Canadian Foundation for Poliomyelitis was incorporated in 1951 to eliminate polio. When reconstituted as an organization with members from across Canada, the original Board of Directors from Ontario formed the Ontario Corporation, Rehabilitation Foundation for Poliomyelitis and the Orthopaedically 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 Assistive Devices Program, Recycled Rental Equipment 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 Program, Conductive Education®, Issue Advocacy and the Stroke Recovery Network®, including affirmative businesses and allocation of research and other 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 purpose of the organization is to bring the same services to the rest of Canada that OMOD offers to the disabled residents of Ontario. 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, 2008

Other associated organizations are outlined in note 14 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 deferred method of accounting for contributions.

Revenue and expenses related to the Donor Restricted Fund and Endowed Fund are reported in their related funds.

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, 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) Marketable securities:

Marketable securities comprise fixed income instruments, mutual funds and cash equivalents, and are recorded at fair value with changes in fair value recorded in the consolidated statement of changes in fund balances.

(c) Restricted and Endowed investments:

Restricted and Endowed investments are recorded at fair value, with changes in fair value recorded in the consolidated statement of changes in fund balances.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(d) 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 - 7 years
Leasehold improvements	Straight line	Term of related lease

(e) Intangible assets:

Intangible assets are recorded at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which is 20 years.

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

(f) 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.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(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. Accounting changes - financial instruments:

Effective April 1, 2007, OMOD adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, Financial Instruments - Recognition and Measurement. OMOD has designated its marketable securities and Restricted and Endowed investments as available-for-sale and carries them at fair value on the consolidated balance sheet, with changes in fair value recorded in the consolidated statement of changes in fund balances.

The impact of this change is to adjust fund balances as at April 1, 2007 for the net unrealized gain/loss on investments of \$81,451 and to recognize in the current year a decrease in the net unrealized gain of \$90,428.

In accordance with the transitional provisions of this section, OMOD has applied this change on a retroactive basis without restatement; the 2007 investments are stated at cost.

Future accounting change:

The following summarizes a future accounting change that will be relevant to OMOD's financial statements subsequent to March 31, 2008.

Financial instruments - disclosure:

The CICA has issued new accounting standards on financial instruments that revise and enhance the current disclosure requirements but do not change the existing presentation requirements for financial instruments. These new standards will be effective for OMOD commencing on April 1, 2008. The new disclosures will provide additional information on the nature and extent of risks arising from financial instruments to which OMOD is exposed and how it manages those risks.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

3. Marketable securities and Restricted and Endowed investments:

	2008		2007	
	Cost	Fair value	Cost	Fair value
Term deposits	\$ 48,675	\$ 48,675	\$ 25,000	\$ 25,793
Pooled funds	1,146,778	1,137,801	1,101,662	1,182,320
	<u>\$ 1,195,453</u>	<u>\$ 1,186,476</u>	<u>\$ 1,126,662</u>	<u>\$ 1,208,113</u>
Represented by:				
Marketable securities	\$ 48,675	\$ 48,675	\$ 31,837	\$ 113,288
Restricted and Endowed investments	1,146,778	1,137,801	1,094,825	1,094,825
	<u>\$ 1,195,453</u>	<u>\$ 1,186,476</u>	<u>\$ 1,126,662</u>	<u>\$ 1,208,113</u>

The associated risks with the investments are as follows:

(a) Interest rate and maturity risk:

The value of fixed income investments will generally rise if interest rates fall and fall if interest rates rise. The fixed income investments consist of term deposits, which have an interest rate of 2.7% (2007 - 3.5%) and mature in March 2009 (2007 - May 2007).

(b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Term deposits and 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, 2008

4. Accounts receivable:

	2008	2007
Trade	\$ 3,434,772	\$ 2,417,447
Fundraising and United Way	135,370	196,862
Goods and services tax	218,428	149,430
Employer health tax recovery	1,167,395	765,018
Other	382,825	209,656
	<u>\$ 5,338,790</u>	<u>\$ 3,738,413</u>

Included in trade accounts receivable is \$492,377 (2007 - \$538,128) in fees for services performed that have not yet been billed to customers. As per the terms of the contracts, billings are rendered at prescribed intervals.

5. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 876,555	\$ -	\$ 876,555	\$ 876,555
Buildings and leasehold improvements	4,943,475	3,695,992	1,247,483	1,292,330
Vehicles	349,575	206,189	143,386	175,166
Machinery, equipment, computer hardware and software	11,314,407	9,838,054	1,476,353	1,784,190
	<u>\$ 17,484,012</u>	<u>\$ 13,740,235</u>	<u>\$ 3,743,777</u>	<u>\$ 4,128,241</u>

The cost of capital assets acquired during the year amounted to \$372,599 (2007 - \$961,551) and was partially financed by capital and operating grants of \$192,342 (2007 - \$868,681). The donor dollar funded programs fund was charged with amortization totalling \$271,824 (2007 - \$250,085). Grant funded programs have been charged with amortization of \$485,239 (2007 - \$442,477).

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

5. Capital assets (continued):

OMOD entered into an agreement in 1994 with the Ministry of Community and Social Services (the "Ministry"), whereby the Ministry acquired an ownership interest in the premises at 10 Overlea Boulevard as a result of certain funding provided for the Employment Services Program. This funding translates into an ownership interest based on a formula in the agreement. OMOD has the option of acquiring the Ministry's 4.39% ownership interest based on the premises' appraised value.

6. Intangible assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Trademark	\$ 1,800,000	\$ 206,249	\$ 1,593,751	\$ 1,683,751

Amortization of intangible assets for the year was \$90,000 (2007 - \$89,999).

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 Ministry 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 originating 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, 2008

8. Government advances:

Government advances represent unused grants that cannot be carried forward to future years and are repayable to the Ministry.

9. Deferred capital grants:

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

	2008	2007
Balance, beginning of year	\$ 1,705,089	\$ 1,278,885
Amounts received	192,342	868,681
Amounts amortized to revenue	(485,239)	(442,477)
Balance, end of year	\$ 1,412,192	\$ 1,705,089

10. Capital Reserve Fund and Stabilization Reserve Fund:

(a) Capital Reserve Fund:

In fiscal 2004, the Board of Directors established a separate Capital Reserve Fund to build a cash reserve for major capital needs in the future, such as roof replacement, etc. The Board of Directors resolved to fund this reserve as follows:

2003 - 2004	\$	15,000
2004 - 2005		20,000
2005 - 2006		25,000
2007 and subsequent years		25,000 per year

In 2006, the Board of Directors transferred an additional amount of \$440,000 to this reserve from the Board Restricted Fund.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

10. Capital Reserve Fund and Stabilization Reserve Fund (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 Fund 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.

11. Restricted and Endowed Funds:

The Board of Directors internally restricts the use of the Board Restricted Funds. Donor Restricted Funds involve specific purposes, limitations or other conditions imposed by donors. 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 of Directors.

The Restricted and Endowed Funds balance of \$1,137,801 (2007 - \$1,094,825) has been invested in pooled funds.

Details of the Restricted and Endowed Funds balance are as follows:

	2008	2007
Balance, beginning of year	\$ 1,094,825	\$ 1,069,983
Donations	21,194	15,722
Investment income	47,014	40,414
Expenses - including grants and awards	(16,255)	(31,294)
Net unrealized loss on Restricted and Endowed investments	(8,977)	-
Balance, end of year	\$ 1,137,801	\$ 1,094,825

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

12. 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 costs of acquiring direct mail donor lists and costs relating to start-up activities, such as telemarketing and planned giving.

The Alcohol and Gaming Commission of Ontario requires disclosure of the following information on Nevada break-open ticketed lotteries. Net revenue is included in fundraising revenue, as follows:

	2008	2007
Revenue	\$ 664,182	\$ 729,554
Expenses:		
Cost of tickets sold:	90,602	98,739
Commissions:		
Retailer	123,591	136,079
Agent	76,431	83,664
Licence	39,594	43,692
Provincial government fees	98,402	107,662
	428,620	469,836
	\$ 235,562	\$ 259,718

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

13. Contracts with the Ministry of Community and Social Services:

OMOD has a variety of Service Contracts throughout Ontario with the Ministry. An annual Transfer Payment Annual Reconciliation is provided to the Ministry for each Service Contract. A review of these reports shows OMOD to be in a deficit (surplus) position as at March 31, 2008 as outlined below. Any surplus amounts are reflected in accounts payable and accrued charges.

Other Ministry grants	Project code	Revenue	Expenses	Net	Cash funding	Receivable (payable)
London:						
Home & Vehicle Modification Program	8618	\$ 1,382,400	\$ 1,382,400	\$ -	\$ 1,382,400	\$ -
Home & Vehicle Modification Goods & Services	8621	9,245,700	9,245,671	29	9,245,700	-
		10,628,100	10,628,071	29	10,628,100	-
Ottawa:						
Passport Initiative	334500	863,649	863,649	-	742,644	121,005
Thunder Bay:						
Rehabilitation Services	8591	179,900	179,900	-	179,900	-
Niagara:						
Rehabilitation Services	8592	138,857	138,857	-	138,857	-
Kingston:						
School Aged Children Rehabilitation Services for the Disabled	8591	13,306	13,306	-	14,706	(1,400)
		\$ 11,823,812	\$ 11,823,783	\$ 29	\$ 11,704,207	\$ 119,605

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

14. 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 and affordable 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 financial and administrative services to the governance structure of NPHC. The amount owing to NPHC by OMOD as at March 31, 2008 is \$2,891 (2007 - receivable of \$20,139). Transactions between NPHC and OMOD for the year are as follows:

	2008	2007
Revenue:		
Reimbursable costs	\$ 17,827	\$ 26,190
Management fees	5,238	5,238

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

14. 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:

	2008	2007
Current assets	\$ 550,552	\$ 540,227
Capital assets	7,492,238	7,645,885
Total assets	\$ 8,042,790	\$ 8,186,112
Current liabilities	\$ 324,776	\$ 7,028,493
Mortgage payable	6,556,513	-
Deferred capital contributions	736,061	720,498
	7,617,350	7,748,991
Fund balances	425,440	437,121
Total liabilities and fund balances	\$ 8,042,790	\$ 8,186,112

	2008	2007
Revenue	\$ 1,094,789	\$ 1,096,182
Expenses, including amortization of \$194,445 (2007 - \$186,714) and repayment of grant subsidy of \$39,870 (2007 - nil)	1,099,273	1,013,054
Excess of revenue over expenses (expenses over revenue)	\$ (4,484)	\$ 83,128
Cash flows provided by (used in):		
Operating activities	\$ 135,774	\$ 193,129
Financing activities	(139,176)	(166,570)
Investing activities	(47,995)	13,408
Net cash inflow (outflow)	\$ (51,397)	\$ 39,967

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

INPC is 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, 2008 and 2007.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

14. Associated organizations (continued):

(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. The activities of this entity are immaterial to OMOD and are not included in these consolidated financial statements.

15. Lease commitments:

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

	Equipment	Premises	Total
2009	\$ 100,000	\$ 1,513,000	\$ 1,613,000
2010	64,000	1,104,000	1,168,000
2011	21,000	936,000	957,000
2012	—	815,000	815,000
2013	—	767,000	767,000
Thereafter	—	2,781,000	2,781,000
	<u>\$ 185,000</u>	<u>\$ 7,916,000</u>	<u>\$ 8,101,000</u>

16. Credit facility:

OMOD entered into a credit agreement with its lenders for a line of credit of \$2,000,000, secured by \$100,000 of term deposits and credit balances on accounts held with the bank, and a General Security Agreement with floating charge specific to the assets located at 10-12 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, 2008, no amount of this facility has been drawn.

17. 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.

ONTARIO MARCH OF DIMES

(REHABILITATION FOUNDATION FOR THE DISABLED)

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2008

17. Commitments and contingencies (continued):

OMOD has provided a letter of credit in the amount of \$12,751 in favour of the Corporation of the City of Toronto.

18. 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, 2008, OMOD incurred \$661,934 (2007 - \$639,525) as its pension contribution expense.

19. Financial instruments:

OMOD has determined the fair values of its financial instruments as follows:

- (a) The carrying amounts of cash and restricted cash, accounts receivable, grants and allocations receivable, accounts payable and accrued charges, due to associated organization and government advances approximate fair values due to the short-term nature of these financial instruments.
- (b) The fair values of marketable securities and Restricted and Endowed investments are as described in note 3.

20. Comparative figures:

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