

Financial Statements of

**OTTAWA HOSPITAL RESEARCH
INSTITUTE**

Year ended March 31, 2010



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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of the Ottawa Hospital Research Institute as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2010 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 of Ontario, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that underlines the text.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada

May 26, 2010

OTTAWA HOSPITAL RESEARCH INSTITUTE

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	Externally restricted	Unrestricted	Total 2010	Total 2009
Assets				
Current assets:				
Cash	\$ 26,836,902	\$ 3,083,082	\$ 29,919,984	\$ 5,301,276
Due from The Ottawa Hospital Foundation (note 4(b))	318,586	1,641,438	1,960,024	2,300,679
Prepaid expenses	35,616	–	35,616	79,370
Amounts receivable	8,763,132	1,516,414	10,279,546	14,248,452
	<u>35,954,236</u>	<u>6,240,934</u>	<u>42,195,170</u>	<u>21,929,777</u>
Investments (note 5)	36,883,451	–	36,883,451	33,102,751
Capital assets (note 6)	31,740,132	–	31,740,132	34,936,482
	<u>\$ 104,577,819</u>	<u>\$ 6,240,934</u>	<u>\$ 110,818,753</u>	<u>\$ 89,969,010</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,512,031	\$ 312,187	\$ 11,824,218	\$ 3,806,403
Loan payable (note 4(d))	700,000	–	700,000	700,000
Due to The Ottawa Hospital (note 4(a))	–	2,102,227	2,102,227	1,033,386
Unearned income	17,850	1,023,629	1,041,479	1,480,015
Unexpended research project funding (note 7)	61,307,806	–	61,307,806	48,566,334
	<u>73,537,687</u>	<u>3,438,043</u>	<u>76,975,730</u>	<u>55,586,138</u>
Long-term liabilities:				
Deferred capital contributions (note 8)	30,225,588	–	30,225,588	32,132,989
Sick leave (note 12)	–	137,306	137,306	154,979
	<u>30,225,588</u>	<u>137,306</u>	<u>30,362,894</u>	<u>32,287,968</u>
Net assets:				
Internally restricted (note 9)	–	1,385,225	1,385,225	–
Invested in capital assets	814,544	–	814,544	2,103,493
Unrestricted	–	1,280,360	1,280,360	(8,589)
	<u>814,544</u>	<u>2,665,585</u>	<u>3,480,129</u>	<u>2,094,904</u>
Commitments (note 10)				
	<u>\$ 104,577,819</u>	<u>\$ 6,240,934</u>	<u>\$ 110,818,753</u>	<u>\$ 89,969,010</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

OTTAWA HOSPITAL RESEARCH INSTITUTE

Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	Externally restricted	Unrestricted	Total 2010	Total 2009
Revenue:				
The Ottawa Hospital Foundation (note 4(b)):				
Research and salary	\$ –	\$ 215,627	\$ 215,627	\$ 548,996
Endowment fund income	–	2,553,429	2,553,429	2,358,749
Indirect cost recovery	–	5,550,298	5,550,298	5,620,848
The Ottawa Hospital (note 4(a))	–	5,213,384	5,213,384	4,721,408
University of Ottawa (note 4(c)):				
Salary support	–	1,653,344	1,653,344	1,792,425
Endowment fund income	–	127,176	127,176	298,619
Medical practice plans	–	4,911,988	4,911,988	4,250,771
Research projects	76,256,489	–	76,256,489	64,603,549
Miscellaneous	–	368,371	368,371	384,334
Investment (note 5)	–	3,766,022	3,766,022	(1,460,329)
Amortization of deferred capital contributions	4,331,743	–	4,331,743	4,600,134
	<u>80,588,232</u>	<u>24,359,639</u>	<u>104,947,871</u>	<u>87,719,504</u>
Expenses:				
Scientific programs	–	14,884,469	14,884,469	13,572,179
General research administration	–	2,711,626	2,711,626	2,640,067
Technology transfer program	–	221,207	221,207	400,478
Hospital services	–	3,646,681	3,646,681	3,992,919
Other research	–	958,403	958,403	937,844
Research ethics board	–	507,721	507,721	287,464
Research project costs (note 7)	76,256,489	–	76,256,489	64,603,549
Amortization of capital assets	4,376,050	–	4,376,050	4,644,441
	<u>80,632,539</u>	<u>22,930,107</u>	<u>103,562,646</u>	<u>91,078,941</u>
Excess (deficiency) of revenue over expenses	\$ (44,307)	\$ 1,429,532	\$ 1,385,225	\$ (3,359,437)

See accompanying notes to financial statements.

OTTAWA HOSPITAL RESEARCH INSTITUTE

Statement of Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	Externally Restricted	Internally Restricted (note 9)	Unrestricted	Investment in capital assets	2010	2009
Net assets, beginning of year	\$ -	\$ -	\$ (8,589)	\$ 2,103,493	\$ 2,094,904	\$ 5,454,341
Excess (deficiency) of revenue over expenses	(44,307)	-	1,429,532	-	1,385,225	(3,359,437)
Transfer to internally restricted (note 9)	-	1,385,225	(1,385,225)	-	-	-
Amortization of capital assets	4,376,050	-	-	(4,376,050)	-	-
Capital asset additions	(1,179,700)	-	-	1,179,700	-	-
Deferred capital contributions received	2,424,342	-	-	(2,424,342)	-	-
Amortization of deferred capital contributions	(4,331,743)	-	-	4,331,743	-	-
Transfer from externally restricted	(1,244,642)	-	1,244,642	-	-	-
Net assets, end of year	\$ -	\$ 1,385,225	\$ 1,280,360	\$ 814,544	\$ 3,480,129	\$ 2,094,904

See accompanying notes to financial statements.

OTTAWA HOSPITAL RESEARCH INSTITUTE

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,385,225	\$ (3,359,437)
Items not involving cash:		
Amortization of capital assets	4,376,050	4,644,441
Amortization of deferred capital contributions	(4,331,743)	(4,600,134)
Unrealized losses (gains) on investments	(2,498,687)	2,451,074
Changes in non-cash operating working capital:		
Decrease (increase) in due from The Ottawa Hospital Foundation	340,655	(21,601)
Decrease in prepaid expenses	43,754	72,782
Decrease in amounts receivable	3,968,906	458,464
Increase (decrease) in accounts payable and accrued liabilities	8,017,815	(1,062,645)
Increase (decrease) in due to The Ottawa Hospital	1,068,841	(5,530,571)
Increase (decrease) in unearned income	(438,536)	59,505
Increase in unexpended research funding	12,741,472	7,300,003
Decrease in sick leave	(17,673)	(37,640)
	<u>24,656,079</u>	<u>374,241</u>
Investing activities:		
Additions to investments	(1,282,013)	–
Decrease in deferred costs	–	661,544
Purchase of capital assets	(1,179,700)	(1,601,090)
	<u>(2,461,713)</u>	<u>(939,546)</u>
Financing activities:		
Deferred capital contributions received	2,424,342	1,848,061
Withdrawals from investments	–	2,152,777
	<u>2,424,342</u>	<u>4,000,838</u>
Increase in cash	24,618,708	3,435,533
Cash, beginning of year	5,301,276	1,865,743
Cash, end of year	<u>\$ 29,919,984</u>	<u>\$ 5,301,276</u>

See accompanying notes to financial statements.

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2010

1. Objectives:

The Ottawa Hospital Research Institute (the "Institute") is an independent health research facility, closely affiliated with The Ottawa Hospital and the University of Ottawa, committed to excellence in the creation of scientific knowledge that contributes to the prevention, diagnosis, and treatment of human disease. The Institute was incorporated without share capital under the Corporations Act of Ontario on December 5, 2000. It began operations on April 1, 2001 as a result of the combination of the Loeb Health Research Institute at The Ottawa Hospital and The Ottawa General Hospital Research Institute. On January 1, 2004, as a result of the integration of the Ottawa Regional Cancer Centre and The Ottawa Hospital, the clinical research activities of the Cancer Centre were absorbed into the Institute.

The Institute is a registered charity under paragraph 149 [1] [f] of the Income Tax Act and is exempt from income taxes and may issue tax deductible receipts to donors. Furthermore, the Institute has approved research institute status for purposes of clause 37 [1] [a] [iii] [B] of the Act, whereby a donor is eligible for a Scientific Research and Experimental Development (SR&ED) tax credit in the year the contribution is made.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

(a) Basis of presentation:

The financial statements are prepared under the deferral method of accounting for not-for-profit organizations. On the statement of financial position and the statement of operations, the externally restricted column presents the Institute's assets, liabilities and results of operations related to its research activities that are funded by externally restricted research grants and contributions. The unrestricted column presents the Institute's administrative and non-restricted research operations.

(b) Revenue recognition:

- (i) The Institute generates revenue through contributions from external funding agencies and related parties. Contributions receivable are recorded at an estimated realizable value in the period in which the funding agreement is signed. Unrestricted contributions are recognized as revenue when they are received or receivable. Restricted contributions are recorded as deferred revenue and recognized as revenue when the related expenses are incurred.
- (ii) Contributions restricted for the acquisition of capital assets are recorded as deferred capital contributions and recognized as revenue over the estimated useful life of the related assets.

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(b) Revenue recognition (continued):

(iii) Interest and dividend revenue and realized gains and losses on investments are recognized in the period earned. Unrealized gains and losses on investments are recorded in the period in which they occur.

(c) Expenses:

The Institute classifies expenses on the statement of operations by function. Expenses are recognized in the year incurred and are recorded in the applicable function to which they are related. The Institute does not allocate expenses between functions after initial recognition.

(d) Financial instruments:

(i) Investments:

Investments are designated as held for trading and are recorded at fair value.

Shares in private companies acquired by the Institute in exchange for patent or license rights are recorded at a nominal value when the fair value of the transaction is not determinable.

(ii) Other financial instruments:

The Institute has classified due from The Ottawa Hospital Foundation and amounts receivable as loans and receivables and accounts payable and accrued liabilities, loan payable, due to The Ottawa Hospital and sick leave as other liabilities. Upon initial recognition, these financial assets and liabilities are measured at amortized cost using the effective interest rate method of amortization.

(e) Capital assets:

Capital assets are stated at cost. Contributed equipment is recorded at fair value at the date of contribution. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the assets are:

Asset	Useful Life
Computer equipment	3 to 5 years
Furniture and fixtures	5 years
Portable	10 years
Laboratory equipment	5 to 10 years
Stem Cell and Vision Research floors	21 years

Patents are recorded at a nominal value and are not amortized.

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Notes to Financial Statements (continued)

Year ended March 31, 2010

2. Significant accounting policies (continued):

(e) Capital assets (continued):

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Foreign exchange:

Transactions conducted in a foreign currency are translated into Canadian dollars at the average exchange rate for the period. Assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at year-end. Foreign exchange gains and losses are included in income.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the period in which they become known.

3. Adoption of amendments and new accounting standard:

Effective April 1, 2009, the Institute adopted the following amendments and new accounting standard:

(a) Amendments to Section 4400, *Financial Statement Presentation by Not-For-Profit Organizations*:

These amendments revised the financial statement presentation and disclosure requirements for not-for-profit organizations.

(b) Amendments to Section 1000, *Financial Statement Concepts*:

These amendments revised the definitions of assets and liabilities and removed the recognition of items as assets and liabilities solely on the basis of matching revenue and expenses.

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Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Adoption of amendments and new accounting standard (continued):

(c) Section 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*:

This section establishes disclosure standards for Entities that choose to classify their expenses by function and allocate expenses from one function to another.

Adoption of these amendments and new accounting standard had no significant impact on the Institute's financial statements for the year ended March 31, 2010, except for the additional disclosure in note 2(c).

4. Related entities:

(a) The Ottawa Hospital:

The Ottawa Hospital receives a significant amount of the Institute's research grants and contributions and distributes these funds to cover research expenses on behalf of the Institute. The Ottawa Hospital also acts as paymaster for the Institute. The Institute has an amount due to The Ottawa Hospital of \$2,102,227 (2009 - \$1,033,386). This balance represents the difference between funds deposited at the Hospital and disbursements made on behalf of the Institute at year end.

The Ottawa Hospital provided the Institute with grants as follows:

	2010	2009
General operating	\$ 4,694,840	\$ 4,142,928
Specific purpose operating	518,544	578,480
	<u>\$ 5,213,384</u>	<u>\$ 4,721,408</u>

(b) The Ottawa Hospital Foundation:

The Foundation provides administrative and research funding to the Institute. During the year, the Foundation contributed the following:

	2010	2009
Unrestricted endowment fund interest	\$ 2,553,429	\$ 2,358,791
Restricted endowment fund interest for research projects	47,277	45,976
Unrestricted research and salary funding	215,627	548,996
Restricted research project funding	586,040	473,120
Deferred contributions relating to capital assets and assets under construction	301,168	370,578
	<u>\$ 3,703,541</u>	<u>\$ 3,797,461</u>

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

4. Related entities (continued):

(b) The Ottawa Hospital Foundation:

At year end, \$1,960,024 (2008 - \$2,300,679) of these amounts were receivable from the Foundation.

At March 31, 2010, the Foundation manages funds in the amount of \$44,031,344 (2009 - \$46,646,979), which are designated as The Ottawa Hospital Research Institute Endowment Funds. While these funds have been designated to the Institute they are legally the assets of the Foundation. Of this amount, \$11,867,989 (2009 - \$883,803) is restricted for the Clinical Epidemiology Unit Director's Research Chair.

(c) The University of Ottawa:

The University of Ottawa contributed \$1,653,344 (2009 - \$1,792,425) during the year to the Institute for salary support.

At March 31, 2010, endowment funds in the amount of \$1,108,377 (2009 - \$921,424) for the Clinical Epidemiology Unit Director's Research Chair, \$1,445,452 (2009 - \$1,222,714) for the Dr. J. David Grimes Research Chair and \$1,792,730 (2009 - \$1,458,923) for the Neuroscience Research Institute chair are held by the University of Ottawa. In the year, the Institute received \$127,176 (2009 - \$298,619) interest on these endowments.

The University provides premises and related maintenance and repairs to the Institute's on-site researchers at no charge. These amounts are not included in these financial statements.

(d) Loan payable:

The University of Ottawa provided a loan to the Institute for the purpose of funding the construction of the Vision floor. The loan from the University of Ottawa is non-interest bearing and is repayable starting in 2010, as agreed, if fundraising and/or grant submissions are not successful. The balance of the loan is \$700,000 (2009 - \$700,000).

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

5. Investments:

The following table presents the fair values of the Institute's investments:

	2010		2009	
	Fair value	Cost	Fair value	Cost
Money market funds	\$ 5,582,222	\$ 5,582,222	\$ 7,006,996	\$ 7,006,996
Bonds	20,964,501	20,937,986	22,205,708	23,410,608
Mutual funds	10,336,727	10,674,408	3,890,046	5,494,999
Shares in private companies	1	1	1	1
	<u>\$ 36,883,451</u>	<u>\$ 37,194,617</u>	<u>\$ 33,102,751</u>	<u>\$ 35,912,604</u>

The Institute holds shares in private companies that were received in exchange for an amendment to a patent/licence agreement previously negotiated and in other cases, patent or license agreements to be negotiated. These shares do not give the Institute the ability to significantly influence or exercise control over these private companies. The shares are recorded in these financial statements at a nominal value as the value of the consideration given or received could not be determined. The market value of these shares in private companies is not determinable.

The bonds have interest rates of 1.25% to 9.976% and maturity dates ranging from April 2011 to April 2037.

The following table presents the breakdown of the investment revenue on investments held by the Institute:

	2010	2009
Realized gains on investments	\$ 1,245,575	\$ 891,856
Unrealized gains (losses) on investments	2,498,687	(2,451,074)
Interest	52,334	86,243
Foreign exchange gain (loss)	(30,574)	12,646
	<u>\$ 3,766,022</u>	<u>\$(1,460,329)</u>

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

6. Capital assets:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Computer equipment	\$ 5,460,018	\$ 5,348,840	\$ 111,178	\$ 312,866
Furniture and fixtures	1,836,057	1,728,286	107,771	144,997
Portable	409,970	409,970	–	81,994
Laboratory equipment	33,932,636	22,633,289	11,299,347	13,003,633
Stem Cell and Vision Research floors	24,859,130	4,637,295	20,221,835	21,392,991
Patents	1	–	1	1
	<u>\$ 66,497,812</u>	<u>\$ 34,757,680</u>	<u>\$ 31,740,132</u>	<u>\$ 34,936,482</u>

Cost and accumulated amortization at March 31, 2009 amounted to \$65,318,112 and \$30,381,630 respectively.

7. Unexpended research project funding:

Unexpended research project funding represents amounts received by the Institute which will be used in subsequent periods on active research projects. Changes in the unexpended research project funding balance are as follows:

	2010	2009
Balance, beginning of year	\$ 48,566,334	\$ 41,266,331
Amounts received in the current period	91,422,303	73,751,613
	<u>139,988,637</u>	<u>115,017,944</u>
Less:		
Research project costs	(76,256,489)	(64,603,549)
Amount transferred to deferred capital contributions	(2,424,342)	(1,848,061)
	<u>(78,680,831)</u>	<u>(66,451,610)</u>
Balance, end of year	<u>\$ 61,307,806</u>	<u>\$ 48,566,334</u>

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

8. Deferred capital contributions:

	2010	2009
Balance, beginning of year	\$ 32,132,989	\$ 34,885,062
Additions	2,424,342	1,848,061
Amortization	(4,331,743)	(4,600,134)
Balance, end of year	\$ 30,225,588	\$ 32,132,989

9. Internally restricted net assets:

Internally restricted net assets are comprised of the Equalization Fund and the General Capital Reserve Fund. The operation and the purpose of these funds are described in the following paragraphs.

(a) Equalization Fund:

The equalization fund was established by the Board of Directors to provide the Institute with stable investment income for short and long-term budget planning. On an annual basis Management along with the Investment managers set a budgeted return on investments, which is approved by the Board. Actual investment income in excess of the budgeted amount, to the maximum of net income for the year, is transferred to the equalization fund. When actual investment income is less than the budgeted amount the difference, to the maximum of the balance of the equalization fund, is transferred to the unrestricted fund from the equalization fund. During the year, \$1,385,225 (2009 - (\$1,145,996)) was transferred to (from) the equalization fund.

(b) General Capital Reserve Fund:

The General Capital Reserve Fund was established to provide permanent or temporary funding for the acquisition or construction of capital assets. During the year, \$Nil (2009 - \$402,749) was transferred to unrestricted net assets and \$Nil (2009 - \$44,307) was transferred to externally restricted net assets.

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

10. Commitments:

The Institute is committed to providing contributions to The Ottawa Hospital in respect of the construction or fit up of various buildings or floors as follows:

	Commitment
Cancer Centre	\$5.25 million
Regenerative Medicine floors	1.94 million
The Centre for Practice Changing Research	1.17 million

At year end the Institute has secured external funding for these commitments in the amount of \$8.36 million, the timing of the distribution of these commitments had not yet been determined.

11. Pension plan:

Substantially all of the full-time employees of the Institute are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Hospital Association. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death, that provide the highest earnings.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by the Plan by placing plan assets in trust and through the Plan investment policy.

Pension expense is based on Plan management's best estimates, in consultation with its actuaries, of the amount, together with the 1.3% of salary contributed by employees, required to provide a high level of assurance that benefits will be fully represented by fund assets at retirement, as provided by the Plan. The funding objective is for employer contributions to the Plan to remain a constant percentage of employees' contributions.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2006 indicates the plan is fully funded. Contributions to the plan made during the year by the Institute on behalf of its employees amounted to \$1,679,359 (2009 - \$1,596,617) and are included in the statement of operations.

OTTAWA HOSPITAL RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2010

12. Sick leave:

Accrued sick leave relates to the accumulated balance for compensated absences for employees of the former Ottawa Civic Hospital before amalgamation. Under the amalgamation agreement, this balance has been frozen and will be paid out to employees upon their departure from the Institute and related entities.

13. Financial instruments:

The Institute's financial instruments consist of cash, amounts receivable, due from The Ottawa Hospital Foundation, investments, accounts payable and accrued liabilities, loan payable, due to The Ottawa Hospital and sick leave.

The carrying values of cash, amounts receivable, due from The Ottawa Hospital Foundation, accounts payable and accrued liabilities, loan payable and due to The Ottawa Hospital approximate their fair values due to the relatively short periods to maturity of the instruments.

Investments are recorded at fair value. The fair value of sick leave is not determinable.

The Institute's exposure to interest rate risk includes all cash, investments, bonds and money market funds. Foreign currency risk exposure is limited to international mutual funds of \$3,141,902 (2009 - \$743,546). Credit risk exposure is limited to investments and amounts receivable.

14. Capital disclosures:

The Institute considers its capital to consist of its unrestricted net assets, internally restricted net assets and its net assets invested in capital assets. The Institute's overall objective with its capital is to fund capital asset acquisitions, ongoing operations and future health research. The purpose of internally restricted net assets is to provide stability and funding for unforeseen events. The purpose of the net assets invested in capital assets is to fund the past acquisition of capital assets required for operation purposes.

The Institute is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2009.

15. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.