

Media Statement: Financial Disclosure FY0809

Today, we are releasing the financial statements for SickKids Foundation for the fiscal year ended March 31, 2009. We will be reporting on our required filings with the Canada Revenue Agency and with the Internal Revenue Service in the United States. And we will be outlining the actions taken by the Board of Directors that underscore our ongoing commitment to the highest standards of fiduciary responsibility and governance.

For the fiscal year, SickKids Foundation generated \$86.2 million in fundraising program revenue and \$2 million in net lottery revenue; and made an investment of \$64.4 million in children's health care through grants to The Hospital for Sick Children and child health programs across the country. A direct result of community support, this is the largest charitable investment in paediatric health care in Canada.

In light of the challenging economy, it was a considerable accomplishment and reflects the dedication and hard work of our staff and volunteers, and the extraordinary commitment on the part of our donors for which we are deeply grateful.

However, this was one of the most difficult years in the history of SickKids Foundation; one that required the Board to take corrective action to scale back our business plans to ensure the Foundation was operating efficiently.

The actions taken by the Board included an intensive review of the cost structure of the Foundation, an organizational restructuring, and an extensive international search for a new president after the departure of Michael O'Mahoney.

A member of our Board, John Francis, stepped in as interim president on an unpaid basis for six months from January 1 – June 30, 2009 during which time detailed vendor reviews, expense and staff reductions were undertaken at all levels and in all areas of the Foundation.

The actions of the Board positioned the Foundation with the right cost structure for a lower cost per dollar raised; and secured a new president at the helm, Mr. Ted Garrard, who we are confident is the right leader for the Foundation's future success.

For the fiscal year ended March 31, 2009, the Foundation's cost per dollar raised was 39.5 per cent being comprised of fundraising costs of 31.7 per cent and general fundraising and administration costs of 7.8 per cent. We recognize the cost per dollar raised is high. Programs to raise unrestricted funds, vital to supporting the needs of the Research Institute and Hospital, are cost-intensive. The Board maintains an ongoing commitment to finding ways to make these programs more cost efficient and took steps to do so through the restructuring.

The Foundation's restructuring costs totalled \$3.5 million. They include \$2.1 million for the negotiated resignation of the former president of the Foundation. The amount includes contractual obligations and incentive payments covering a period from 2003-2010. Together with Mr. O'Mahoney's salary, the total compensation reported in the IRS 990 is \$2.4 million US (\$2.7 million CDN).

We know this compensation will be a subject of discussion; the fact is Mr. O'Mahoney had a significant impact. During his tenure at the Foundation, \$489 million was raised by SickKids Foundation. The compensation needs to be considered in the context of the accomplishments during his tenure and an employment contract signed which was established within different market conditions.

SickKids Foundation upholds the responsibility we have to our donors and to the community to be transparent and accountable. The measures the Board took in the past year and our efforts to keep the community fully informed on the financial performance and restructuring costs of SickKids Foundation reflect the Foundation's core values of honesty and integrity. We are committed to hearing any concerns the public may have about donating to SickKids Foundation. A special phone line has been set up to receive calls from the public at 416-813-1218. We encourage people to visit our web site at sickkidsfoundation.com and leave comments on our blog at www.sickkidsfoundation.com/blog.

A challenging year in the history of the Foundation is behind us. It is time for us to move towards achieving our vision "Healthier Children. A Better World."[™]

Patsy Anderson

Chair, Board of Directors

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