

**Canadian Hemophilia Society –  
Société canadienne de l'hémophilie**

Financial Statements  
**December 31, 2009**

May 3, 2010

## Auditors' Report

### To the Members of the Canadian Hemophilia Society – Société canadienne de l'hémophilie

We have audited the balance sheet of the **Canadian Hemophilia Society – Société canadienne de l'hémophilie** (the "Society") as at December 31, 2009 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society'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, the Society derives revenue from the general public in the form of donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the books of the Society, and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of expenses over revenue, assets and capital.

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 the donations referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP<sup>1</sup>*

<sup>1</sup> Chartered accountant auditor permit No. 20263

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Balance Sheet

As at December 31, 2009

						2009	2008
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
<b>Assets</b>							
<b>Current assets</b>							
Cash	293,434	-	-	-	-	293,434	414,225
Term deposits (note 4)	292,171	-	1,000,000	-	-	1,292,171	1,255,610
Accounts receivable							
Provincial chapters	-	-	-	-	-	-	4,101
Other	230,852	-	-	21,535	-	252,387	281,129
Prepaid expenses	37,005	-	-	-	-	37,005	3,899
	853,462	-	1,000,000	21,535	-	1,874,997	1,958,964
<b>Investments – Million Dollar Club</b> (notes 2 and 5)	-	-	-	131,108	1,778,375	1,909,483	1,940,221
<b>Property and equipment</b> (note 6)	-	29,211	-	-	-	29,211	33,842
	853,462	29,211	1,000,000	152,643	1,778,375	3,813,691	3,933,027
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	284,779	-	-	-	-	284,779	196,570
Deferred contributions (note 8)	576,938	-	-	-	-	576,938	699,227
	861,717	-	-	-	-	861,717	895,797
<b>Fund Balances</b>							
<b>Unrestricted</b> (note 9)	(8,255)	-	-	-	-	(8,255)	50,711
<b>Invested in property and equipment</b>	-	29,211	-	-	-	29,211	33,842
<b>Internally restricted</b> (note 9)							
<b>Contingencies Fund</b>	-	-	1,000,000	-	-	1,000,000	1,000,000
<b>Research Fund – Million Dollar Club</b>	-	-	-	152,643	-	152,643	184,401
<b>Endowment Fund – Million Dollar Club</b>	-	-	-	-	175,277	175,277	175,277
<b>Externally restricted</b> (notes 9 and 12)	-	-	-	-	1,603,098	1,603,098	1,592,999
	(8,255)	29,211	1,000,000	152,643	1,778,375	2,951,974	3,037,230
	853,462	29,211	1,000,000	152,643	1,778,375	3,813,691	3,933,027

Approved by the Board of Directors

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Director

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Director

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Statement of Revenue and Expenses

For the year ended December 31, 2009

				2009	2008
	General Fund \$	Property and Equipment Fund \$	Research Fund – Million Dollar Club \$	Total \$	Total \$
<b>Revenue</b>					
Government support	13,234	-	-	13,234	-
Public support	419,380	-	5,806	425,186	466,566
Corporate support	2,348,952	-	3,212	2,352,164	1,712,381
Investment income	20,086	-	98,113	118,199	178,240
	2,801,652	-	107,131	2,908,783	2,357,187
<b>Expenses</b>					
Resource development (note 14)	430,379	3,097	-	433,476	508,703
Programs (note 14)	1,491,923	2,657	-	1,494,580	1,044,624
Prevention and education (note 14)	125,931	633	-	126,564	125,127
Research	430,788	-	128,550	559,338	403,240
Committees	185,438	-	-	185,438	216,960
Administration (note 14)	193,488	915	10,339	204,742	224,337
	2,857,947	7,302	138,889	3,004,138	2,522,991
<b>Excess of expenses over revenue for the year</b>	(56,295)	(7,302)	(31,758)	(95,355)	(165,804)

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Statement of Changes in Fund Balances

For the year ended December 31, 2009

						2009	2008
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
<b>Balance – Beginning of year</b>	50,711	33,842	1,000,000	184,401	1,768,276	3,037,230	3,167,934
Excess of expenses over revenue for the year	(56,295)	(7,302)	-	(31,758)	-	(95,355)	(165,804)
Endowment contributions (note 13)	-	-	-	-	10,099	10,099	35,100
Investment in property and equipment	(2,671)	2,671	-	-	-	-	-
<b>Balance – End of year</b>	(8,255)	29,211	1,000,000	152,643	1,778,375	2,951,974	3,037,230

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Statement of Cash Flows

For the year ended December 31, 2009

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	2009 \$	2008 \$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess of expenses over revenue for the year	(95,355)	(165,804)
Adjustments for		
Unrealized gain on investments – Million Dollar Club	(14,922)	(14,660)
Amortization of property and equipment	7,302	8,461
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	(102,975)	(172,003)
Changes in non-cash working capital items		
Decrease in accounts receivable	32,843	26,038
Decrease (increase) in prepaid expenses	(33,106)	8,264
Increase (decrease) in accounts payable and accrued liabilities	88,209	(64,189)
Increase (decrease) in deferred contributions	(122,289)	230,575
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	(137,318)	28,685
<b>Financing activities</b>		
Endowment contributions	10,099	35,100
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<b>Investing activities</b>		
Net decrease in investments	9,099	141,608
Acquisition of property and equipment	(2,671)	(1,350)
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	6,428	140,258
<b>Net change in cash during the year</b>	(120,791)	204,043
<b>Cash – Beginning of year</b>	414,225	210,182
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<b>Cash – End of year</b>	293,434	414,225
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# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

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## 1 Organization and purpose

The Canadian Hemophilia Society – Société canadienne de l'hémophilie (the "Society") is a not-for-profit organization formed for the purpose of improving the quality of life for all persons with an inherited bleeding disorder. The Society's ultimate goal is to find a cure. In addition, it promotes research to prevent the suffering of persons with an inherited bleeding disorder.

## 2 Significant accounting policies

### Basis of presentation

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

### Use of estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Financial instruments

#### Financial instruments – Recognition and measurement

Financial assets are classified as "held for trading" or "loans and receivables" depending on their characteristics and the objective pertaining to their acquisition. Financial liabilities are classified as "other financial liabilities".

Financial assets held for trading, which are the term deposits and the investments – Million Dollar Club, are accounted for at market value.

Loans and receivables and financial liabilities are accounted for at unamortized cost using the effective interest rate method. Revenues and interest fees, if any, on these assets and liabilities are recorded in the results for the year.

### Fund accounting

The Society uses the fund accounting method to record its activities.

#### a) General Fund

The General Fund reports the assets, liabilities, revenues and expenses related to program delivery and administrative activities.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

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b) Property and Equipment Fund

The Property and Equipment Fund reports the assets, liabilities, revenues and expenses related to property and equipment.

c) Contingencies Fund

The Contingencies Fund was created following a decision of the Board of Directors to ensure the continuity of operations for a certain period of time in the event of a difficult financial situation and to fulfill special commitments approved by the Board.

d) Research Fund – Million Dollar Club

The Research Fund – Million Dollar Club reports assets, liabilities and expenses related to research, investment income earned on resources of the Endowment Fund – Million Dollar Club, and non-endowment contributions.

e) Endowment Fund – Million Dollar Club

The Endowment Fund – Million Dollar Club reports endowment contributions and amounts transferred from the General Fund and the Research Fund – Million Dollar Club. Investment income earned on resources of the Endowment Fund – Million Dollar Club is recorded in the Research Fund – Million Dollar Club.

Received as endowment

Amounts received as endowments must be maintained permanently, and the related net investment income must be used to finance research.

Received as new endowment

Amounts received as new endowments and the related investment income must be maintained until the total of endowments and new endowments grows to \$1,600,000. As at December 31, 2005, the Endowment Fund reached the amount of \$1,600,000; consequently, the investment income earned on the resources of the Endowment Fund – Million Dollar Club in 2009 has been recorded in the Research Fund – Million Dollar Club.

## **Revenue recognition**

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. When the funds received for a project exceed the amounts disbursed, the excess is recognized in revenue when the project is completed. Unrestricted contributions are recognized as revenue in the appropriate fund when received or as receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# **Canadian Hemophilia Society – Société canadienne de l'hémophilie**

Notes to Financial Statements

**December 31, 2009**

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Endowment contributions are recognized as direct increases in the Endowment Fund – Million Dollar Club balance.

Interest is recorded on an accrual basis when collection is considered probable.

Gains and losses on disposal of investments – Million Dollar Club, included in investment income, are recorded at the date of sale.

## **Property and equipment**

Property and equipment are recorded at cost and are amortized using the declining balance method at the annual rate of 20%.

## **Contributed services**

Volunteers contribute numerous hours per year to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, the contributed services are not recognized in the financial statements.

## **Allocation of charges**

The Society presents its expenses by function in the statement of revenue and expenses, which requires the allocation of certain public fundraising expenses and some general operating expenses to the various related functions.

The expenses for fundraising which are allocated consist of the salaries and social benefits of employees assigned to the duties. These expenses are allocated between the resource development function and the prevention and education function according to a distribution key based on the percentage of educational content of the prepared documents. Other expenses for fundraising are directly allocated to the resource development function.

Operating expenses are mainly composed of rent, consulting fees and office expenses. These expenses are allocated between the administration, programs and resource development functions according to a distribution key based on the number of hours directly attributable to each function. Other operating expenses, including salaries, are directly allocated to the related function.

## **Income taxes**

The Society is a not-for-profit organization and is therefore exempt from income taxes.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

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## 3 Changes in accounting policies

- a) Accounting policies adopted during the year

Section 4400, "Financial Statement Presentation by Not-for-Profit Organizations"

The Canadian Institute of Chartered Accountants ("CICA") has modified Section 4400 in order to include requirements concerning the accounting and presentation of gross amounts of revenues and expenses when the entity realizes operations for its own account. The new requirements are applicable to annual financial statements relating to fiscal years beginning on or after January 1, 2009. These new standards had no significant impact on the Society's financial situation or operating results.

Section 4470, "Disclosure of allocated expenses by not-for-profit organizations"

The CICA has published new Section 4470, which applies to fiscal periods beginning on or after January 1, 2009. Section 4470 establishes the standards for the information to be provided by not-for-profit organizations which allocate their expenses between the different related functions. Additional information related to the application of this new standard is presented in note 14.

- b) New accounting policies not adopted

In October 2009, the CICA published amendments to the following two accounting standards: Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". These amendments relate to fiscal years ended after September 30, 2009. The Society has decided to continue to apply Section 3861, "Financial Instruments – Disclosure and Presentation", as permitted for not-for-profit organizations under sections 3862 and 3863.

## 4 Term deposits

Term deposits comprise guaranteed investment certificates, bearing interest at variable rates and maturing in June 2010.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

## 5 Investments – Million Dollar Club

The types of investments, at market value, are summarized as follows:

	<b>2009</b>	<b>2008</b>
	\$	\$
Government bonds	1,253,065	1,338,302
Corporate bonds	600,097	486,918
Money market funds	56,321	115,001
	<u>1,909,483</u>	<u>1,940,221</u>

Maturities of government and corporate bonds:

	<b>2009</b>	<b>2008</b>
	\$	\$
Current	203,882	132,457
Between one and three years	213,197	430,015
Between three and five years	745,457	344,825
More than five years	690,626	917,923
	<u>1,853,162</u>	<u>1,825,220</u>

Average rate of return

As at December 31, 2009, the average rate of return on the Million Dollar Club investments was 5.06% (2008 – 8.35%).

## 6 Property and equipment

	<b>2009</b>		<b>2008</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
	\$	\$	\$	\$
Office furniture and equipment	111,456	104,578	6,878	8,598
Computer equipment	48,615	26,282	22,333	25,244
	<u>160,071</u>	<u>130,860</u>	<u>29,211</u>	<u>33,842</u>

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

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## 7 Credit facility

As at December 31, 2009, the Society had access to an unused credit facility of \$200,000, bearing interest at prime rate plus 0.5% and renewable annually. An investment in the amount of \$200,000 has been given as security for the credit facility.

## 8 Deferred contributions

Deferred contributions represent unspent resources externally restricted for the following projects, programs and activities:

	2009	2008
	\$	\$
Nursing projects	262,172	147,322
Care Until Cure Research Program	195,729	200,000
International projects	85,997	112,572
Gale and Rick Stone Learning Fund	23,134	23,134
Physiotherapy projects	7,406	9,400
Drive your care	2,500	-
All about Hemophilia	-	55,000
Hemostatis Fellowship Program – Novo Nordisk Canada Inc., Association of Hemophilia Clinic Directors of Canada, and the Society	-	37,500
Network of Rare Blood Disorder Organizations	-	44,457
All about Carriers	-	15,000
Transition Program	-	54,842
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	576,938	699,227

## 9 Capital

The Society manages its capital in order to attain the following objectives:

- Preserve the capacity to pay for expenses in research and in programs;
- Finance current and future operations;
- Ensure that the Society is able to respect its financial obligations when they become due;
- Establish a reserve in case of a sudden decrease in revenues or to satisfy urgent expenditure needs for programs.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

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The following table summarizes the Society's capital structure as at December 31, 2009:

	2009	2008
	\$	\$
<b>Fund balances</b>		
Unrestricted	(8,255)	50,711
Internally restricted	1,327,920	1,359,678
Externally restricted	1,603,098	1,592,999
<b>Total</b>	<u>2,922,763</u>	<u>3,003,388</u>

## 10 Employee pension plan

The Society has a defined contribution pension plan for its employees. The Society's contribution equals 5% of the employees' annual wages for those who have completed a two-year service period.

In 2009, the total expense for the pension plan, which represents the Society's contribution, amounted to \$23,616 (2008 – \$16,238).

## 11 Commitments

The Society is committed to operating leases whereby the minimum required payments for the next five years are as follows:

	\$
2010	77,533
2011	77,533
2012	69,611
2013	67,290
2014	55,915

## 12 Externally restricted resources

Externally restricted resources represent the portion of the Endowment Fund – Million Dollar Club that must be permanently maintained.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

## 13 Endowment contributions

	2009 \$	2008 \$
CHS – Quebec	10,000	-
Hemophilia – Ottawa and Eastern Ontario Region	-	30,000
Other contributions	99	5,100
	10,099	35,100

## 14 Allocation of expenses

Expenses for fundraising are allocated in the following manner for the different functions:

	2009		
	Resource development \$	Prevention and education \$	Total \$
Fundraising expenses	181,174	97,555	278,729
	2008		
	Resource development \$	Prevention and education \$	Total \$
Fundraising expenses	167,586	90,238	257,824

Operating expenses are allocated in the following manner for the different functions:

	2009				
	Resource development \$	Prevention and education \$	Programs \$	Administration \$	Total \$
Operating expenses	53,872	29,009	119,946	110,442	313,269

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2009

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					2008
	Resource development \$	Prevention and education \$	Programs \$	Administration \$	Total \$
Operating expenses	64,793	34,889	124,804	103,685	328,171

## 15 Financial instruments

### Interest rate risk

As at December 31, 2009 the Society's exposure to interest rate risk is summarized as follows:

Cash	Variable interest rate
Term deposits	Variable interest rate
Accounts receivable	Non-interest bearing
Investments – Million Dollar Club	Fixed interest rate from 3.25% to 8.75%
Accounts payable and accrued liabilities	Non-interest bearing

### Credit risk

Financial instruments which lead to a credit risk for the Society are cash, accounts receivable and investments allocated to the endowment and research funds. The value of the assets on the balance sheet represents the maximum exposure to credit risk. The Society has invested its assets with recognized financial institutions. Management believes that no significant credit risk exists as at December 31, 2009.

### Fair value

The Society has estimated the fair value of its financial instruments based on the market value. Unless otherwise indicated, the market value of these financial instruments is similar to their carrying value.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Additional Information

For the year ended December 31, 2009

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## Additional information to comply with the disclosure requirement of the *Charitable Fund-raising Act and Regulation of the Province of Alberta*

Expenses incurred and already included in the statement of revenue and expenses for the purposes of fundraising are the following:

	<b>2009</b>	<b>2008</b>
	\$	\$
Salaries and benefits	278,729	257,824
Direct cost – Telemarketing	49,657	76,478
Direct cost – Direct mail	41,507	55,409
Consulting fees and other expenses	19,173	20,624
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	389,066	410,335
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