

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

Financial Statements
December 31, 2008

April 18, 2009

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, 2008 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP¹

¹ Chartered accountant auditor permit No. 7463

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Balance Sheet

As at December 31, 2008

						2008	2007
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
Assets							
Current assets							
Cash	414,225	-	-	-	-	414,225	210,182
Term deposits (note 4)	255,610	-	1,000,000	-	-	1,255,610	1,455,547
Accounts receivable							
Provincial chapters	4,101	-	-	-	-	4,101	9,654
Other	241,039	-	-	40,090	-	281,129	301,614
Prepaid expenses	3,899	-	-	-	-	3,899	12,163
	918,874	-	1,000,000	40,090	-	1,958,964	1,989,160
Investments – Million Dollar Club (note 5)	-	-	-	171,945	1,768,276	1,940,221	1,867,232
Property and equipment (note 6)	-	33,842	-	-	-	33,842	40,953
	918,874	33,842	1,000,000	212,035	1,768,276	3,933,027	3,897,345
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	168,936	-	-	27,634	-	196,570	260,759
Deferred contributions (note 8)	699,227	-	-	-	-	699,227	468,652
	868,163	-	-	27,634	-	895,797	729,411
Fund Balances							
Unrestricted	50,711	-	-	-	-	50,711	249,122
Invested in property and equipment	-	33,842	-	-	-	33,842	40,953
Internally restricted							
Contingencies Fund	-	-	1,000,000	-	-	1,000,000	1,000,000
Research Fund – Million Dollar Club	-	-	-	184,401	-	184,401	144,683
Endowment Fund – Million Dollar Club	-	-	-	-	175,277	175,277	175,277
Externally restricted (note 11)	-	-	-	-	1,592,999	1,592,999	1,557,899
	50,711	33,842	1,000,000	184,401	1,768,276	3,037,230	3,167,934
	918,874	33,842	1,000,000	212,035	1,768,276	3,933,027	3,897,345

Approved by the Board of Directors

Director

Director

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Statement of Revenue and Expenses

For the year ended December 31, 2008

				2008	2007
	General Fund \$	Property and Equipment Fund \$	Research Fund – Million Dollar Club \$	Total \$	Total \$
Revenue					
Public support	463,426	-	3,140	466,566	598,818
Corporate support	1,686,205	-	26,176	1,712,381	1,923,880
Investment income	47,165	-	131,075	178,240	141,599
Other	-	-	-	-	23,270
	2,196,796	-	160,391	2,357,187	2,687,567
Expenses					
Resource development	505,456	3,247	-	508,703	557,484
Programs	1,041,154	3,470	-	1,044,624	1,080,570
Prevention and education	124,475	652	-	125,127	171,237
Research	292,705	-	110,535	403,240	325,438
Committees	216,960	-	-	216,960	222,070
Administration	213,107	1,092	10,138	224,337	207,379
	2,393,857	8,461	120,673	2,522,991	2,564,178
Excess of revenue over expenses (expenses over revenue) for the year					
	(197,061)	(8,461)	39,718	(165,804)	123,389

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Statement of Changes in Fund Balances

For the year ended December 31, 2008

						2008	2007
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
Balance – Beginning of year	249,122	40,953	1,000,000	144,683	1,733,176	3,167,934	3,002,144
Change in accounting policies – Financial instruments	-	-	-	-	-	-	41,201
Balance – Beginning of year restated	249,122	40,953	1,000,000	144,683	1,733,176	3,167,934	3,043,345
Excess of revenue over expenses (expenses over revenue) for the year	(197,061)	(8,461)	-	39,718	-	(165,804)	123,389
Endowment contributions (note 12)	-	-	-	-	35,100	35,100	1,200
Investment in property and equipment	(1,350)	1,350	-	-	-	-	-
Balance – End of year	50,711	33,842	1,000,000	184,401	1,768,276	3,037,230	3,167,934

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Statement of Cash Flows

For the year ended December 31, 2008

	2008 \$	2007 \$
Cash flows from		
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	(165,804)	123,389
Adjustments for		
Unrealized gain on investments – Million Dollar Club	(14,660)	(24,637)
Amortization of property and equipment	8,461	12,124
Writeoff of property and equipment	-	7,537
	<hr/>	<hr/>
	(172,003)	118,413
Changes in non-cash working capital items		
Decrease (increase) in accounts receivable	26,038	(28,977)
Decrease (increase) in prepaid expenses	8,264	(4,700)
Decrease in accounts payable and accrued liabilities	(64,189)	(110,744)
Increase (decrease) in deferred contributions	230,575	(147,951)
	<hr/>	<hr/>
	28,685	(173,959)
Financing activities		
Endowment contributions	<hr/>	<hr/>
	35,100	1,200
Investing activities		
Net decrease in investments	141,608	157,629
Acquisition of property and equipment	(1,350)	(22,308)
	<hr/>	<hr/>
	140,258	135,321
Net change in cash during the year	204,043	(37,438)
Cash – Beginning of year	<hr/>	<hr/>
	210,182	247,620
Cash – End of year	<hr/>	<hr/>
	414,225	210,182

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2008

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 a cure. In addition, it promotes research to prevent the suffering of persons with an inherited bleeding disorder and to ensure that they receive adequate care.

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.

The financial statements of the Society include the accounts of the Hemophilia Research Million Dollar Club.

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 held for trading or other financial liabilities. Financial assets and financial liabilities are accounted for at market value.

Loans and receivables and financial liabilities that are not held for trading 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, 2008

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 a portion of the 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 reported 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 2008 has been maintained 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. 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.

Revenue related to donations is recognized as such when received and receipted by the Society. Endowment contributions are recognized as direct increases in the Endowment Fund – Million Dollar Club balance.

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2008

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.

Income taxes

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

3 Changes in accounting policies

a) Accounting policies adopted during the year

Section 1400, “General Standards of Financial Statement Presentation”

In June 2007, the Canadian Institute of Chartered Accountants (“CICA”) amended Section 1400 of its Handbook to include requirements to assess an entity’s ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as such. The Society adopted this new standard on January 1, 2008. It performed such an assessment, and no additional disclosures are required.

Section 1535, “Capital Disclosures”

On January 1, 2008, the Society adopted the provisions of Section 1535, which establishes standards for disclosing qualitative and quantitative information about an entity’s capital and how it is managed. The Society manages its capital with the objective of:

- safeguarding its ability to continue to support research and program expenses;
- fund current and future operations;
- ensure that the Society is able to meet its financial obligations as they become due; and
- create a reserve in case of a sudden decrease in revenues or an urgent need in program expenses.

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2008

The Society's capital structure as at December 31, 2008 is summarized in the following table:

	\$
Fund balance	
Unrestricted	50,711
Internally restricted	1,359,678
Externally restricted	<u>1,592,999</u>
Total	<u>3,003,388</u>

b) Future accounting changes

In December 2006, the CICA issued the following two accounting standards: Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". These new standards are effective for fiscal years beginning on or after October 1, 2007. The Society has elected to continue to apply Section 3861, 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, which mature in June and November 2009.

5 Investments – Million Dollar Club

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

	2008	2007
	\$	\$
Government bonds	1,338,302	1,497,837
Corporate bonds	486,918	285,842
Money market funds	<u>115,001</u>	<u>83,553</u>
	<u>1,940,221</u>	<u>1,867,232</u>

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2008

Maturities of government and corporate bonds

	2008 \$	2007 \$
Current	132,457	105,004
Between one and three years	430,015	261,591
Between three and five years	344,825	209,807
More than five years	917,923	1,207,277
	<u>1,825,220</u>	<u>1,783,679</u>

Average rate of return

As at December 31, 2008, the average rate of return on the Million Dollar Club investments was 8.35% (2007 – 3.97%).

6 Property and equipment

	<u>2008</u>		<u>2007</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Office furniture and equipment	111,456	102,858	8,598	10,748
Computer equipment	45,943	20,699	25,244	30,205
	<u>157,399</u>	<u>123,557</u>	<u>33,842</u>	<u>40,953</u>

7 Credit facility

As at December 31, 2008, the Society had a credit facility of \$200,000 bearing interest at prime rate plus 0.5%, which is renewable annually. An investment in the amount of \$200,000 has been given as security for the credit facility. As at December 31, 2008, the credit facility was unused.

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2008

8 Deferred contributions

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

	2008	2007
	\$	\$
Hemostatis Fellowship Program – Novo Nordisk Canada Inc, Association of Hemophilia Clinic Directors of Canada, and the Society	37,500	40,000
Care Until Cure Research Program	200,000	150,000
All about Hemophilia	55,000	-
International projects	112,572	151,625
Nursing projects	147,322	103,893
Network of Rare Blood Disorder Organizations	44,457	-
All about Carriers	15,000	-
Transition Program	54,842	-
Physiotherapy projects	9,400	-
Gale and Rick Stone Learning Fund	23,134	23,134
	<hr/>	<hr/>
	699,227	468,652

9 Employee pension plan

The Society has a self-directed registered retirement savings plan with defined contributions. The Society's contribution equals 5% of the employees' annual wages for those who have completed a two-year service period.

In 2008, the total expense for the pension plan amounted to \$16,238 (2007 – \$19,482).

10 Commitments

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

	\$
2009	82,954
2010	10,616
2011	10,616
2012	2,654

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2008

11 Externally restricted resources

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

12 Endowment contributions

	2008 \$	2007 \$
Hemophilia – Ottawa and Eastern Ontario Region	30,000	-
Other contributions	5,100	1,200
	<hr/> 35,100	<hr/> 1,200

13 Interest rate risk

As at December 31, 2008, 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 3.60% to 8.75%
Accounts payable and accrued liabilities	Non-interest bearing

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Additional Information

For the year ended December 31, 2008

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:

	2008	2007
	\$	\$
Salaries and benefits	257,824	245,798
Direct cost – Telemarketing	76,478	175,359
Direct cost – Direct mail	55,409	39,622
Consulting fees and other expenses	20,624	31,602
	<hr/>	<hr/>
	410,335	492,381
	<hr/>	<hr/>