

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

Financial Statements  
**December 31, 2007**

April 30, 2008

## 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, 2007 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 revenue over expenses, 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, 2007 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*

### Chartered Accountants

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Balance Sheet

As at December 31, 2007

						2007	2006
	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	210,182	-	-	-	-	210,182	247,620
Term deposits (note 4)	455,547	-	1,000,000	-	-	1,455,547	1,604,496
Accounts receivable							
Grants	-	-	-	-	-	-	27,685
Provincial chapters	9,654	-	-	-	-	9,654	31,702
Other	268,312	-	-	33,302	-	301,614	222,904
Prepaid expenses	12,163	-	-	-	-	12,163	7,463
	955,858	-	1,000,000	33,302	-	1,989,160	2,141,870
<b>Investments – Million Dollar Club (note 5)</b>	-	-	-	134,056	1,733,176	1,867,232	1,810,074
<b>Property and equipment (note 6)</b>	-	40,953	-	-	-	40,953	38,306
	955,858	40,953	1,000,000	167,358	1,733,176	3,897,345	3,990,250
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities	238,084	-	-	22,675	-	260,759	371,503
Deferred contributions (note 8)	468,652	-	-	-	-	468,652	616,603
	706,736	-	-	22,675	-	729,411	988,106
<b>Fund balances</b>							
Unrestricted	249,122	-	-	-	-	249,122	122,384
Invested in property and equipment	-	40,953	-	-	-	40,953	38,306
Internally restricted							
Contingencies Fund	-	-	1,000,000	-	-	1,000,000	1,000,000
Research Fund – Million Dollar Club	-	-	-	144,683	-	144,683	109,479
Endowment Fund – Million Dollar Club	-	-	-	-	175,277	175,277	175,277
Externally restricted (note 11)	-	-	-	-	1,557,899	1,557,899	1,556,698
	249,122	40,953	1,000,000	144,683	1,733,176	3,167,934	3,002,144
	955,858	40,953	1,000,000	167,358	1,733,176	3,897,345	3,990,250

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, 2007

				2007	2006
	General Fund \$	Property and Equipment Fund \$	Research Fund – Million Dollar Club \$	Total \$	Total \$
<b>Revenue</b>					
Public support	598,818	-	-	598,818	692,783
Corporate support	1,923,880	-	-	1,923,880	2,026,362
Government grants	-	-	-	-	58,974
Investment income	70,208	-	71,391	141,599	151,398
Other	-	-	23,270	23,270	29,500
	2,592,906	-	94,661	2,687,567	2,959,017
<b>Expenses</b>					
Resource development	553,408	4,076	-	557,484	437,214
Programs	1,075,215	5,355	-	1,080,570	1,470,445
Prevention and education	170,230	1,007	-	171,237	195,370
Research	234,740	-	90,698	325,438	304,563
Committees	222,070	-	-	222,070	241,252
Administration	188,197	9,223	9,959	207,379	240,807
	2,443,860	19,661	100,657	2,564,178	2,889,651
<b>Excess of revenue over expenses (expenses over revenue) for the year</b>	149,046	(19,661)	(5,996)	123,389	69,366

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Statement of Changes in Fund Balances

For the year ended December 31, 2007

						2007	2006
	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>	122,384	38,306	1,000,000	109,478	1,731,976	3,002,144	2,828,003
<b>Change in accounting policies – financial instruments</b> (note 3)	-	-	-	41,201	-	41,201	-
<b>Balance – Beginning of year restated</b>	122,384	38,306	1,000,000	150,679	1,731,976	3,043,345	2,828,003
<b>Excess of revenue over expenses (expenses over revenue) for the year</b>	149,046	(19,661)	-	(5,996)	-	123,389	69,366
<b>Endowment contributions</b> (note 12)	-	-	-	-	1,200	1,200	104,775
<b>Investment in property and equipment</b>	(22,308)	22,308	-	-	-	-	-
<b>Balance – End of year</b>	249,122	40,953	1,000,000	144,683	1,733,176	3,167,934	3,002,144

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

## Statement of Cash Flows

For the year ended December 31, 2007

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	2007 \$	2006 \$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	123,389	69,366
Adjustments for		
Unrealized gain on investments – Million Dollar Club	(24,637)	-
Amortization of premium on investments – Million Dollar Club	-	996
Amortization of property and equipment	12,124	9,575
Writeoff of property and equipment	7,537	-
	<hr/>	<hr/>
	118,413	79,937
Changes in non-cash working capital items		
Increase in accounts receivable	(28,977)	(200,294)
Decrease (increase) in prepaid expenses	(4,700)	1,164
Increase (decrease) in accounts payable and accrued liabilities	(110,744)	108,523
Increase (decrease) in deferred contributions	(147,951)	128,822
	<hr/>	<hr/>
	(173,959)	118,152
<b>Financing activities</b>		
Amounts received as endowments	<hr/>	<hr/>
	1,200	104,775
<b>Investing activities</b>		
Net decrease (increase) in investments	157,629	(210,268)
Acquisition of property and equipment	(22,308)	(5,753)
	<hr/>	<hr/>
	135,321	(216,021)
<b>Net change in cash during the year</b>	(37,438)	6,906
<b>Cash – Beginning of year</b>	<hr/>	<hr/>
	247,620	240,714
<b>Cash – End of year</b>	<hr/>	<hr/>
	210,182	247,620

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2007

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## 1 Organization and purpose

The Canadian Hemophilia Society – Société canadienne de l'hémophilie (the "Society") is a non-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

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

### Financial statements

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 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 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 in the "Held for trading" or "Loans and receivables" category depending on their characteristics and the objective pertaining to their acquisition. Financial liabilities are classified in the categories "Held for trading" or "Other". 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 the unamortized costs using the effective interest rate method. Revenues and interest fees on these assets and liabilities are recorded in the results, in such case.

### 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.

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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 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 2007 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 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.



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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 and represent the difference between the sale proceeds and the unamortized cost.

## **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**

For the year ended December 31, 2007

On January 1, 2007, the Society adopted the following recommendations of the Canadian Institute of Chartered Accountants (“CICA”) Handbook:

Section 3855, “Financial Instruments – Recognition and Measurement”

This Section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

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This Section requires that:

- i) all financial assets be measured at fair value, with some exceptions such as loans and investments that are classified as held to maturity;
- ii) all financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their carrying value;
- iii) all derivative financial instruments be measured at fair value, even when they are part of a hedging relationship.

The impact of the adoption of this new standard has been considered in the Fund balances at the beginning of the year and is detailed in note 5 to these financial statements.

## Section 1506, "Accounting Changes"

This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors. This new standard has no impact on the financial statements.

### b) Future accounting changes

In December 2006 and June 2007, the CICA issued the following four accounting standards: Section 1400, "General Standards on Financial Statement Presentation"; Section 1535, "Capital Disclosures"; Section 3862, "Financial Instruments – Disclosures"; and Section 3863, "Financial Instruments – Presentation". These new standards will be effective January 1, 2008 for the Society.

## Section 1400, "General Standards of Financial Statement Presentation"

This Section has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This new standard has no impact on the financial statements.

## Section 1535, "Capital Disclosures"

This new standard establishes disclosure requirements concerning capital such as: qualitative information about its objectives, policies and processes for managing capital; quantitative data about what an entity regards as capital; whether it has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance. The Society is evaluating the impact of this new standard on its financial statements.

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Section 3862, “Financial Instruments – Disclosures”, and Section 3863, “Financial Instruments – Presentation”

These new standards replace Section 3861, “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements. These new standards have not changed the presentation requirements. The Society is evaluating the impact of this new standard on its financial statements.

## 4 Term deposits

Investments, bearing interest at variable rates, comprise guaranteed investment certificates which mature in June and December 2008.

## 5 Investments – Million Dollar Club

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

	2007 \$	2006 \$
Government bonds	1,497,837	1,499,908
Corporate bonds	285,842	275,407
Money market funds	83,553	75,960
	<hr/> 1,867,232	<hr/> 1,851,275

As at December 31, 2006, the unamortized cost of the investments was \$1,810,074. As a result of the initial application of CICA Handbook Section 3855 on January 1, 2007, an amount of \$41,201 was applied against the opening Fund balances.

### Maturities of government and corporate bonds

	2007 \$	2006 \$
Current	105,004	80,108
Between one and three years	261,591	315,347
Between three and five years	209,807	344,848
More than five years	1,207,277	1,035,012
	<hr/> 1,783,679	<hr/> 1,775,315

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## Average rate of return

As at December 31, 2007, the average rate of return on the Million Dollar Club investments was 3.97% (as at December 31, 2006 – 4.05%).

## 6 Property and equipment

			<b>2007</b>	<b>2006</b>
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Office furniture and equipment	111,456	100,708	10,748	8,909
Computer equipment	44,592	14,387	30,205	29,397
	<b>156,048</b>	<b>115,095</b>	<b>40,953</b>	<b>38,306</b>

## 7 Credit facility

As at December 31, 2007, the Society had a credit facility of \$200,000 bearing interest at prime rate plus 0.5%, which is renewable annually. As at December 31, 2007, the credit facility was unused.

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

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## 8 Deferred contributions

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

	2007	2006
	\$	\$
Novo Nordisk Canada Inc. – CHS-AHCDC Fellowship Program	40,000	-
Care until Cure Research Program	150,000	225,136
Step by Step parent support program	-	20,000
International projects	151,625	66,763
Nursing projects	103,893	85,470
Network of Rare Blood Disorder Organizations	-	25,000
Research summit	-	30,000
National Corporate Giving Program	-	108,000
Physiotherapy projects	-	13,100
Video on self-infusion	-	20,000
Gale and Rick Stone Learning Fund	23,134	23,134
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	468,652	616,603

## 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 2007, the total expense for the pension plan amounted to \$19,482 (2006 – \$22,441).

## 10 Commitments

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

	\$
2008	94,378
2009	82,954
2010	10,616
2011	10,616
2012	2,654

# Canadian Hemophilia Society – Société canadienne de l'hémophilie

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## 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

	2007 \$	2006 \$
Canadian Hemophilia Society – Quebec Chapter	-	5,000
Hemophilia Northern Alberta Region	-	80,000
Hemophilia Ontario	-	5,000
Hemophilia – Ottawa and Eastern Ontario Region	-	5,000
Hemophilia Ontario – Toronto and Central Ontario Region	-	2,000
Hemophilia Ontario – Central Western Ontario Region	-	1,000
Other contributions	1,200	6,775
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	1,200	104,775
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## 13 Interest rate risk

As at December 31, 2007, 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 3.93% 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, 2007

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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>2007</b>	<b>2006</b>
	\$	\$
Salaries and benefits	245,798	198,006
Direct cost – Telemarketing	175,359	272,400
Direct cost – Direct mail	39,622	36,194
Consultants and other expenses	31,602	36,210
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	492,381	542,810
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