

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

Financial Statements
December 31, 2015



May 15, 2016

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Canadian Hemophilia Society – Société canadienne de l'hémophilie, which comprise the balance sheet as at December 31, 2015 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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"PwC" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

As is common with many not-for-profit organizations, the Canadian Hemophilia Society – Société canadienne de l'hémophilie derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Canadian Hemophilia Society – Société canadienne de l'hémophilie. Therefore, we were not able to determine whether any adjustments might be necessary to donations, excess of revenues over expenses and cash flows from operations for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014 and net assets as at the beginning and the end of the years ended December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Canadian Hemophilia Society – Société canadienne de l'hémophilie as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit No. A123642

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Canadian Hemophilia Society – Société canadienne de l'hémophilie

Balance Sheet

As at December 31, 2015

						2015	2014
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
Assets							
Current assets							
Cash	1,095,129	-	-	-	-	1,095,129	1,249,395
Term deposits (note 3)	138,010	-	400,000	-	-	538,010	616,013
Investments – Million Dollar Club (note 4)	-	-	-	-	254,498	254,498	183,836
Accounts receivable	-	-	-	-	-	-	-
Provincial chapters	4,566	-	-	-	-	4,566	5,145
General Fund	-	-	-	-	-	-	-
Other	109,422	-	-	100,000	-	100,000	50,000
Prepaid expenses	260,187	-	-	15,304	1,850	126,576	208,251
	1,607,314	-	400,000	115,304	256,348	2,378,966	2,448,607
Lease deposit	4,685	-	-	-	-	4,685	4,685
Term deposits (note 3)	77,970	-	600,000	-	-	677,970	842,915
Investments – Million Dollar Club (note 4)	-	-	-	37,635	2,026,503	2,064,138	2,135,353
Property and equipment (note 5)	-	15,094	-	-	-	15,094	17,272
	1,689,969	15,094	1,000,000	152,939	2,282,851	5,140,853	5,448,832
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities (note 6)	143,173	-	-	-	-	143,173	142,772
Accounts payable to Research Fund – Million Dollar Club	100,000	-	-	-	-	100,000	50,000
Deferred contributions (note 8)	1,222,816	-	-	-	-	1,222,816	1,619,516
	1,465,989	-	-	-	-	1,465,989	1,812,288
Fund Balances							
Unrestricted (note 9)	223,980	-	-	-	-	223,980	225,687
Invested in property and equipment	-	15,094	-	-	-	15,094	17,272
Internally restricted (note 9)	-	-	-	-	-	-	-
Contingencies Fund	-	-	1,000,000	-	-	1,000,000	1,000,000
Research Fund – Million Dollar Club	-	-	-	152,939	-	152,939	208,545
Endowment Fund – Million Dollar Club	-	-	-	-	175,277	175,277	175,277
Externally restricted (notes 9 and 10)	-	-	-	-	2,107,574	2,107,574	2,009,763
	223,980	15,094	1,000,000	152,939	2,282,851	3,674,864	3,636,544
	1,689,969	15,094	1,000,000	152,939	2,282,851	5,140,853	5,448,832
Commitments (note 15)							

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements.

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

Statement of Revenue and Expenses
For the year ended December 31, 2015

				2015	2014
	General Fund \$	Property and Equipment Fund \$	Research Fund – Million Dollar Club \$	Total \$	Total \$
Revenue					
Public support	175,724	-	8,657	184,381	306,152
Corporate support	1,778,164	-	14,235	1,792,399	1,850,991
Investment income	28,249	-	22,187	50,436	112,221
	1,982,137	-	45,079	2,027,216	2,269,364
Expenses					
Programs (note 13)	1,379,916	1,766	138,000	1,519,682	1,616,474
Resource development	299,330	1,451	-	300,781	328,604
Governance	57,616	-	-	57,616	69,038
Administration	195,387	556	12,685	208,628	212,141
	1,932,249	3,773	150,685	2,086,707	2,226,257
Excess of revenue over expenses (expenses over revenue) for the year	49,888	(3,773)	(105,606)	(59,491)	43,107

The accompanying notes are an integral part of these financial statements.

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

Statement of Changes in Fund Balances

For the year ended December 31, 2015

						2015	2014
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
Balance – Beginning of year	225,687	17,272	1,000,000	208,545	2,185,040	3,636,544	3,518,170
Excess of revenue over expenses (expenses over revenue) for the year	49,888	(3,773)	-	(105,606)	-	(59,491)	43,107
Endowment contributions (note 12)	-	-	-	-	97,811	97,811	75,267
Investment in property and equipment	(1,595)	1,595	-	-	-	-	-
Transfer to Research Fund – Million Dollar Club (note 11)	(50,000)	-	-	50,000	-	-	-
Balance – End of year	223,980	15,094	1,000,000	152,939	2,282,851	3,674,864	3,636,544

The accompanying notes are an integral part of these financial statements.

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

Statement of Cash Flows

For the year ended December 31, 2015

	2015 \$	2014 \$
Cash flows from		
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	(59,491)	43,107
Adjustments for		
Increase in lease deposit	=	(4,685)
Amortization of property and equipment	3,773	4,317
Unrealized and realized loss (gain) on investments – Million Dollar Club	123,773	(1,953)
	<u>68,055</u>	<u>40,786</u>
Changes in non-cash working capital items		
Decrease (increase) in		
Accounts receivable	32,254	(68,615)
Prepaid expenses	(124,220)	25,579
Increase (decrease) in		
Accounts payable and accrued liabilities	50,401	(6,016)
Deferred contributions	(396,700)	285,227
	<u>(370,210)</u>	<u>276,961</u>
Investing activities		
Disposal of property and equipment	(1,595)	(902)
Purchase of investments	(1,693,301)	(1,789,277)
Disposal of investments	1,570,081	1,683,099
Purchase of term deposits	(373,064)	(633,321)
Disposal of term deposits	616,012	600,000
	<u>118,133</u>	<u>(140,401)</u>
Financing activities		
Endowment contributions	97,811	75,267
	<u>(154,266)</u>	<u>211,827</u>
Increase (decrease) in cash		
Cash – Beginning of year	1,249,395	1,037,568
Cash – End of year	<u>1,095,129</u>	<u>1,249,395</u>

The accompanying notes are an integral part of these financial statements.

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Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2015

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 of all persons with an inherited bleeding disorder. The Society's ultimate goal is to find a cure. In addition, it promotes research aimed at alleviating the suffering of persons with an inherited bleeding disorder.

2 Significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Use of estimates

The preparation of financial statements in conformity with ASNPO 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

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments – Million Dollar Club, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenses (expenses over revenue).

Financial assets measured at amortized cost consist of term deposits and accounts receivable. Financial assets measured at fair value consist of cash and investments – Million Dollar Club.

Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2015

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the writedown is recognized in excess of revenue over expenses (expenses over revenue). The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses (expenses over revenue).

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.

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 that it has approved.

d) Research Fund – Million Dollar Club

The Research Fund – Million Dollar Club reports 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 recorded in the Research Fund – Million Dollar Club.

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

Notes to Financial Statements

December 31, 2015

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, 2015, the Endowment Fund – Million Dollar Club has reached the amount of \$1,600,000; consequently, the investment income earned on the resources of the Endowment Fund – Million Dollar Club in 2015 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.

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 are included in investment income and recorded at the date of sale.

Property and equipment

Property and equipment are initially recorded at cost and are amortized using the declining balance method at an 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, contributed services are not recognized in the financial statements.

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

Notes to Financial Statements

December 31, 2015

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 consist of the salaries and social benefits of employees assigned to this duty. These expenses in the amount of \$217,031 (2014 – \$235,121) are all included in the resource development function.

Operating expenses are mainly composed of rent, consulting fees and office expenses. These expenses are allocated between the programs, resource development and administration 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.

3 Term deposits

Term deposits comprise guaranteed investment certificates which bear interest and mature as follows:

	%	\$
Short-term		
March 2016	1.70	86,669
July 2016	2.45	164,672
September 2016	2.00	86,669
November 2016	0.50	200,000
		<u>538,010</u>
Long-term		
July 2017	2.50	164,672
March 2018	2.30	86,669
July 2018	2.40	166,896
March 2019	2.50	86,669
January 2020	2.45	173,064
		<u>677,970</u>

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

Notes to Financial Statements

December 31, 2015

4 Investments – Million Dollar Club

Types of investments, at market value, are summarized as follows:

	2015 \$	2014 \$
Government bonds	143,832	182,198
Corporate bonds	571,989	722,306
Equities	592,252	-
Funds	1,010,563	1,414,685
	<u>2,318,636</u>	<u>2,319,189</u>

Maturities of government and corporate bonds are as follows:

	2015 \$	2014 \$
Less than one year	254,498	181,974
Between one and three years	339,732	548,519
Between three and five years	56,093	53,694
More than five years	65,498	120,317
	<u>715,821</u>	<u>904,504</u>

As at December 31, 2015, the average rate of return on investments – Million Dollar Club was 0.89% (2014 – 3.73%).

5 Property and equipment

	2015		
	Cost \$	Accumulated amortization \$	Net \$
Office furniture and equipment	111,457	109,654	1,803
Computer equipment	65,358	52,067	13,291
	<u>176,815</u>	<u>161,721</u>	<u>15,094</u>

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Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2015

	2014		
	Cost \$	Accumulated amortization \$	Net \$
Office furniture and equipment	111,457	109,203	2,254
Computer equipment	63,763	48,745	15,018
	<u>175,220</u>	<u>157,948</u>	<u>17,272</u>

6 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances in the amount of \$2,743 as at December 31, 2015 (2014 – \$2,347).

Government remittances consist mainly of payroll withholding taxes required to be paid to government authorities and are recognized when the amounts become due.

7 Credit facility

As at December 31, 2015, the Society had access to an unused credit facility of \$200,000 (2014 – \$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.

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

Notes to Financial Statements

December 31, 2015

8 Deferred contributions

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

	2015 \$	2014 \$
Benefactors Club	-	450,000
Nursing projects	-	-
CHS/Pfizer Care Until Cure Research Program	313,436	320,575
CHS/AHDC/CSL Behring Hemostasis Fellowship Program	482,584	414,951
Research	11,694	46,776
Von Willebrand Awareness Program	73,264	73,264
International projects	8,500	-
CHS – Novo Nordisk Canada Psychosocial Research Program	33,395	42,295
CHS – Baxter Canada Inherited Bleeding Disorders Fellowship Program	72,639	80,000
Youth Leadership Program	62,965	51,775
Physiotherapy projects	-	10,000
Sports and activities booklet	24,004	9,693
Women's Bleeding Disorder Program (coderouge)	19,000	-
Parent Support Program	9,500	-
CBDR/MyCBDR	35,000	35,000
Social Worker projects	30,000	-
HCV Funds	11,443	1,250
Care Until Cure Research Knowledge Exchange	25,392	23,937
Bleeding Assessment Tool	-	50,000
	10,000	10,000
	<u>1,222,816</u>	<u>1,619,516</u>

9 Capital

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

	2015 \$	2014 \$
Fund balances		
Unrestricted	223,980	225,687
Internally restricted	1,328,216	1,383,822
Externally restricted	2,107,574	2,009,763
Total	<u>3,659,770</u>	<u>3,619,272</u>

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2015

10 Externally restricted resources

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

11 Transfer

The Society pledged to match chapter and individual fundraising for the Hemophilia Research Million Dollar Club in 2015 and 2014 to a maximum of \$50,000. These funds have been transferred from the General Fund to the Research Fund – Million Dollar Club for research spending.

12 Endowment contributions

	2015 \$	2014 \$
Canadian Hemophilia Society		
Alberta Chapter	65,000	20,000
Société canadienne de l'hémophilie – Section Québec	20,000	10,000
Newfoundland and Labrador Chapter	5,000	5,000
Nova Scotia Chapter	-	1,000
Hemophilia Saskatchewan	-	10,000
Other contributions	7,811	29,267
	<hr/> 97,811	<hr/> 75,267

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2015

15 Commitments

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

	\$
2016	71,406
2017	72,838
2018	72,414
2019	53,697
2020	3,147

- b) The Society has also agreed to pay out an amount of \$175,000 as research grants in the following year.

16 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 2015, the total expense for the pension plan, which represents the Society's contribution, amounted to \$27,228 (2014 – \$26,955).

17 Financial instruments and financial risk factors

Financial risk management

The Society's financial instruments expose it to a variety of financial risks, without being exposed to concentrations of risk. The following analysis provides a measure of the Society's risk exposure as at December 31, 2015.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Society is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities.

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2015

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to cash, term deposits and investments – Million Dollar Club.

The Society deals only with highly rated financial institutions and brokers, and regularly assesses credit risk and the creditworthiness of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Society is exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Society to fair value risk, while floating rate instruments subject it to cash flow risk. As at December 31, 2015, the Society's exposure to interest rate risk is as follows:

Cash	Floating rate
Term deposits	Fixed rates, refer to note 3
Investments – Million Dollar Club	Refer to note 4

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market. The Society is exposed to other price risk through its investments – Million Dollar Club.

18 Comparative figures

Certain comparative figures have been reclassified to ensure consistency with the current year's presentation.

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

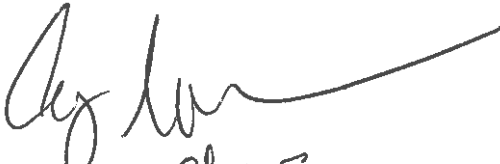
Additional Information


For the year ended December 31, 2015

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

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

	2015 \$	2014 \$
Salaries and benefits	217,031	235,121
Direct cost – Direct mail	10,067	16,973
Consulting fees and other expenses	7,229	11,746
	<hr/> 234,327	<hr/> 263,840


Board Chair


Secretary

