

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

Financial Statements
December 31, 2016



May 27, 2017

Independent Auditor's Report

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

We have audited the accompanying financial statements of Canadian Hemophilia Society – Société canadienne de l'hémophilie, which comprise the balance sheet as at December 31, 2016 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.

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

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250, René-Lévesque Boulevard West, Suite 2500, Montréal, Québec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com*

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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, 2016 and 2015, current assets as at December 31, 2016 and 2015 and net assets as at the beginning and the end of the years ended December 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended December 31, 2015 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 Canadian Hemophilia Society – Société canadienne de l'hémophilie as at December 31, 2016 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

Canadian Hemophilia Society – Société canadienne de l'hémophilie

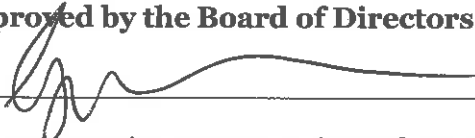
Balance Sheet

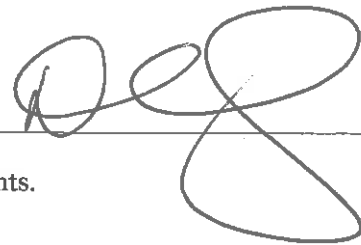
As at December 31, 2016

						2016	2015	
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Inter Fund elimination \$	Total \$	Total \$
Assets								
Current assets								
Cash	1,351,479	-	122,030	-	-	-	1,473,509	1,095,129
Term deposits (note 3)	-	-	364,672	-	-	-	364,672	538,010
Investments – Million Dollar Club (note 4)	-	-	-	52,847	281,985	-	334,832	417,650
Accounts receivable	-	-	-	-	-	-	-	-
Provincial chapters	1,234	-	-	20,000	10,000	-	31,234	4,566
General Fund	-	-	-	50,000	-	(50,000)	-	-
Other	88,666	-	-	15,432	1,000	-	105,098	126,576
Prepaid expenses	113,620	-	-	-	-	-	113,620	260,187
	1,554,999	-	486,702	138,279	292,985	(50,000)	2,422,965	2,442,118
Lease deposit	4,685	-	-	-	-	-	4,685	4,685
Term deposits (note 3)	-	-	513,298	-	-	-	513,298	677,970
Investments – Million Dollar Club (note 4)	-	-	-	198,399	2,053,676	-	2,252,075	1,900,986
Property and equipment (note 5)	-	12,074	-	-	-	-	12,074	15,094
	1,559,684	12,074	1,000,000	336,678	2,346,661	(50,000)	5,205,097	5,040,853
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities (note 6)	146,366	-	-	-	-	-	146,366	143,173
Accounts payable to Research Fund – Million Dollar Club	50,000	-	-	-	-	(50,000)	-	-
Deferred contributions (note 8)	1,151,502	-	-	-	-	-	1,151,502	1,222,816
	1,347,868	-	-	-	-	(50,000)	1,297,868	1,365,989
Fund Balances								
Unrestricted (note 9)	211,816	-	-	-	-	-	211,816	223,980
Invested in property and equipment	-	12,074	-	-	-	-	12,074	15,094
Internally restricted (note 9)	-	-	1,000,000	-	-	-	1,000,000	1,000,000
Contingencies Fund	-	-	-	-	-	-	-	-
Research Fund – Million Dollar Club	-	-	-	336,678	-	-	336,678	152,939
Endowment Fund – Million Dollar Club	-	-	-	-	175,277	-	175,277	175,277
Externally restricted (notes 9 and 10)	-	-	-	-	2,171,384	-	2,171,384	2,107,574
	211,816	12,074	1,000,000	336,678	2,346,661	-	3,907,229	3,674,864
	1,559,684	12,074	1,000,000	336,678	2,346,661	(50,000)	5,205,097	5,040,853

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, 2016

				2016	2015
	General Fund \$	Property and Equipment Fund \$	Research Fund – Million Dollar Club \$	Total \$	Total \$
Revenue					
Public support	250,321	-	7,621	257,942	184,381
Corporate support	1,545,719	-	30,435	1,576,154	1,792,399
Investment income	22,436	-	138,563	160,999	50,436
	1,818,476	-	176,619	1,995,095	2,027,216
Expenses					
Programs (note 13)	1,302,695	1,413	30,000	1,334,108	1,519,682
Resource development	241,872	1,162	-	243,034	300,781
Governance	46,008	-	-	46,008	57,616
Administration	190,065	445	12,880	203,390	208,628
	1,780,640	3,020	42,880	1,826,540	2,086,707
Excess of revenue over expenses (expenses over revenue) for the year	37,836	(3,020)	133,739	168,555	(59,491)

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

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

Statement of Changes in Fund Balances

For the year ended December 31, 2016

						2016	2015
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund – Million Dollar Club \$	Endowment Fund – Million Dollar Club \$	Total \$	Total \$
Balance – Beginning of year	223,980	15,094	1,000,000	152,939	2,282,851	3,674,864	3,636,544
Excess of revenue over expenses (expenses over revenue) for the year	37,836	(3,020)	-	133,739	-	168,555	(59,491)
Endowment contributions (note 12)	-	-	-	-	63,810	63,810	97,811
Investment in property and equipment	-	-	-	-	-	-	-
Transfer to Research Fund – Million Dollar Club (note 11)	(50,000)	-	-	50,000	-	-	-
Balance – End of year	211,816	12,074	1,000,000	336,678	2,346,661	3,907,229	3,674,864

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

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

Statement of Cash Flows

For the year ended December 31, 2016

	2016 \$	2015 \$
Cash flows from		
Operating activities		
Excess of revenue over expenses (expenses over revenue) for the year	168,555	(59,491)
Adjustments for		
Amortization of property and equipment	3,020	3,773
Unrealized and realized loss (gain) on investments – Million Dollar Club	(55,013)	123,773
	<u>116,562</u>	<u>68,055</u>
Changes in non-cash working capital items		
Decrease (increase) in		
Accounts receivable	(5,190)	132,254
Prepaid expenses	146,567	(124,220)
Increase (decrease) in		
Accounts payable and accrued liabilities	3,193	(49,599)
Deferred contributions	(71,314)	(396,700)
	<u>189,818</u>	<u>(370,210)</u>
Investing activities		
Disposal of property and equipment	-	(1,595)
Purchase of investments	(1,359,096)	(1,693,301)
Disposal of investments	1,145,836	1,570,081
Purchase of term deposits	(200,000)	(373,064)
Disposal of term deposits	538,011	616,012
	<u>124,752</u>	<u>118,133</u>
Financing activities		
Endowment contributions	<u>63,810</u>	<u>97,811</u>
Increase (decrease) in cash	378,380	(154,266)
Cash – Beginning of year	<u>1,095,129</u>	<u>1,249,395</u>
Cash – End of year	<u>1,473,509</u>	<u>1,095,129</u>

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

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2016

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, 2016

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, 2016

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, 2016, 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 2016 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, 2016

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 \$167,861 (2015 – \$217,031) 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		
July 2017	2.50	164,672
November 2017	0.50	200,000
		<u>364,672</u>
Long-term		
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>513,298</u>

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

Notes to Financial Statements

December 31, 2016

4 Investments – Million Dollar Club

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

	2016	2015
	\$	\$
Government bonds	-	143,832
Corporate bonds	453,183	571,989
Equities	664,413	592,252
Funds	1,416,466	848,411
	<u>2,534,062</u>	<u>2,156,484</u>

Maturities of government and corporate bonds are as follows:

	2016	2015
	\$	\$
Less than one year	281,985	254,498
Between one and three years	51,777	339,732
Between three and five years	119,420	56,093
More than five years	-	65,498
	<u>453,182</u>	<u>715,821</u>

As at December 31, 2016, the average rate of return on investments – Million Dollar Club was 4.77% (2015 – 0.89%).

5 Property and equipment

	2016		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Office furniture and equipment	111,457	110,015	1,442
Computer equipment	65,358	54,726	10,632
	<u>176,815</u>	<u>164,741</u>	<u>12,074</u>

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

Notes to Financial Statements

December 31, 2016

			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>

6 Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances in the amount of \$2,848 as at December 31, 2016 (2015 – \$2,743).

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, 2016, the Society had access to an unused credit facility of \$200,000 (2015 – \$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, 2016

8 Deferred contributions

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

	2016 \$	2015 \$
Benefactors Club	90,000	-
Nursing projects	217,783	313,436
CHS/Pfizer Care Until Cure Research Program	481,272	482,584
CHS/AHDC/CSL Behring Hemostasis Fellowship Program	-	11,694
Research	-	73,264
Von Willebrand Awareness Program	-	8,500
International projects	32,510	33,395
CHS – Novo Nordisk Canada Psychosocial Research Program	55,192	72,639
CHS – Baxter Canada Inherited Bleeding Disorders Fellowship Program	40,108	62,965
Physiotherapy projects	21,481	24,004
Sports and activities booklet	12,000	19,000
Women Bleeding Disorder Program (coderouge)	19,000	9,500
Parent Support Program	28,000	35,000
CBDR/MyCBDR	30,000	30,000
Social Worker projects	6,643	11,443
HCV Funds	21,013	25,392
Bleeding Assessment Tool	10,000	10,000
Preceptorship	12,500	-
Rare Bleeding Disorder Workshop	15,000	-
Standards of care	29,000	-
Rendez-vous 2017	30,000	-
	<u>1,151,502</u>	<u>1,222,816</u>

9 Capital

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

	2016 \$	2015 \$
Fund balances		
Unrestricted	211,816	223,980
Internally restricted	1,491,955	1,328,216
Externally restricted	2,171,384	2,107,574
	<u>3,895,155</u>	<u>3,659,770</u>
Total		

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

Notes to Financial Statements

December 31, 2016

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 2016 and 2015 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

	2016 \$	2015 \$
Canadian Hemophilia Society		
Alberta Chapter	45,000	65,000
Société canadienne de l'hémophilie – Section Québec	10,000	20,000
Newfoundland and Labrador Chapter	5,000	5,000
Nova Scotia Chapter	1,000	-
Hemophilia Saskatchewan	1,000	-
Other contributions	1,810	7,811
	<u>63,810</u>	<u>97,811</u>

13 Programs

Program expenses are detailed as follows:

	2016 \$	2015 \$
Salaries and benefits	317,377	339,574
Research	283,416	306,530
Care and treatment	275,872	384,066
Chapter support program	75,000	157,598
Education and support	267,011	245,701
Operating expenses	84,019	86,213
	<u>1,302,695</u>	<u>1,519,682</u>

Research expenses amounted to 384,559 in 2016 (\$551,847 – 2015), of which \$283,416 was recognized in the statement of revenue and expenses in 2015 (2015 – \$306,530).

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

Notes to Financial Statements

December 31, 2016

14 Allocation of expenses

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

				2016
	Programs \$	Resource development \$	Administration \$	Total \$
Operating expenses	85,432	48,140	97,391	230,963
				2015
	Programs \$	Resource development \$	Administration \$	Total \$
Operating expenses	86,213	48,369	99,692	234,274

15 Commitments

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

	\$
2017	72,838
2018	72,414
2019	53,697
2020	3,147
2021	1,574

- b) The Society has also agreed to pay out an amount of \$300,170 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 2016, the total expense for the pension plan, which represents the Society's contribution, amounted to \$24,520 (2015 – \$27,228).

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2016

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, 2016.

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.

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, 2016, 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

Canadian Hemophilia Society – Société canadienne de l'hémophilie

Notes to Financial Statements

December 31, 2016

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.

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:

	2016	2015
	\$	\$
Salaries and benefits	167,861	217,031
Direct cost – Direct mail	8,229	10,067
Consulting fees and other expenses	6,950	7,229
	<hr/>	<hr/>
	183,040	234,327