

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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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, 2017, and the statements of revenues and expenses, changes in fund balances and cash flow for the year then ended, and 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.

Basis for qualified opinion

In common with many charitable organizations, we were not able to obtain sufficient appropriate audit evidence regarding the completeness of revenues over expenses for the membership dues, donations and other. Consequently, we were not able to determine whether any adjustments might be necessary to membership dues, donations and other, excess (deficiency) of revenues over expenses and net assets. The audit opinion for the period ended December 31, 2016 was also modified by the previous auditor because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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, 2017, 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.

Other Matter

Comparative figures have been audited by another auditor who expressed a qualified opinion on May 27, 2017.

Gosselin & Associés inc.¹

GOSELIN & ASSOCIÉS INC.
Chartered professional accountants corporation

Montreal, May 22, 2018

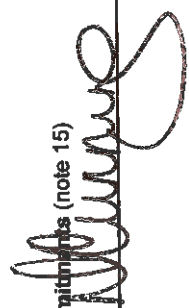
¹ CPA auditor, CA, public accountancy permit No. A101673

CANADIAN HEMOPHILIA SOCIETY-
 SOCIÉTÉ CANADIENNE DE L'HÉMOFILIE
 BALANCE SHEET
 AS AT DECEMBER 31, 2017

	2017					2016	
	General Fund	Property and Equipment Fund	Contingencies Fund	Research Fund - Million Dollar Club	Endowment Fund - Million Dollar Club	Total	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Current assets							
Cash	1 109 208	-	286 702	50 000	-	1 445 810	1 473 509
Term deposits (note 3)	-	-	453 585	-	-	453 565	364 672
Investments – Million Dollar Club (note 4)	-	-	-	86 473	51 021	139 494	334 832
Accounts receivable	-	-	-	-	-	-	-
Provincial chapters	1 665	-	-	10 000	20 000	31 665	31 234
Other	96 127	-	-	12 357	1 350	109 834	105 098
Prepaid expenses	138 623	-	-	-	-	138 623	113 620
	<u>1 345 623</u>	<u>-</u>	<u>740 267</u>	<u>160 830</u>	<u>72 371</u>	<u>2 319 091</u>	<u>2 422 965</u>
Lease deposit	4 685	-	-	-	-	4 685	4 685
Term deposits (note 3)	-	-	259 733	-	-	259 733	513 298
Investments – Million Dollar Club (note 4)	-	-	-	182 928	2 356 790	2 539 718	2 252 075
Property and equipment (note 5)	-	13 203	-	-	-	13 203	12 074
	<u>1 350 308</u>	<u>13 203</u>	<u>1 000 000</u>	<u>343 758</u>	<u>2 429 161</u>	<u>5 136 430</u>	<u>5 205 097</u>

CANADIAN HEMOPHILIA SOCIETY -
 SOCIÉTÉ CANADIENNE DE L'HÉMOFILIE
 BALANCE SHEET
 AS AT DECEMBER 31, 2017

	2017				2016	
	General Fund	Property and Equipment Fund	Contingencies Fund	Research Fund - Million Dollar Club	Endowment Fund - Million Dollar Club	Total
	\$	\$	\$	\$	\$	\$
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities (note 6)	151 051	-	-	-	-	146 366
Deferred contributions (note 8)	1 047 926	-	-	-	-	1 151 502
	1 198 977	-	-	-	-	1 297 868
Fund Balances						
Unrestricted (note 9)	151 331	-	-	-	-	211 816
Invested in property and equipment	-	13 203	-	-	-	12 074
Internally restricted (note 9)	-	-	1 000 000	-	-	1 000 000
Contingencies Fund	-	-	-	343 758	-	336 678
Research Fund - Million Dollar Club	-	-	-	-	175 277	175 277
Endowment Fund - Million Dollar Club	-	-	-	-	2 253 884	2 171 384
Externally restricted (notes 9 and 10)	151 331	13 203	1 000 000	343 758	2 429 161	3 907 229
	1 350 308	13 203	1 000 000	343 758	2 429 161	5 205 097

Commitments (note 15)

 Director


 Director

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOFILIE
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017				2016	
	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund - Million Dollar Club \$	Endowment Fund - Million Dollar Club \$	Total \$
BALANCE - BEGINNING OF YEAR	211,816	12,074	1,000,000	336,678	2,346,661	3,907,229
Excess (Deficiency) of revenue over expenses	(6,056)	(3,300)	-	(42,920)	-	(52,276)
Endowment contributions (note 12)	-	-	-	-	82,500	82,500
Investment in property and equipment	(4,429)	4,429	-	-	-	-
Transfer to Research Fund - Million Dollar Club (note 11)	(50,000)	-	-	50,000	-	-
BALANCE - END OF YEAR	<u>151,331</u>	<u>13,203</u>	<u>1,000,000</u>	<u>343,758</u>	<u>2,429,161</u>	<u>3,937,453</u>
						<u>3,907,229</u>

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOFILIE
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017		2016	
	General Fund	Property and Equipment Fund	Research Fund - Million Dollar Club	Total
	\$	\$	\$	\$
REVENUE				
Public support	142 991	-	6 098	149 089
Corporate support	1 623 791	-	15 450	1 639 241
Investment income	16 786	-	110 550	127 336
	<u>1 783 568</u>	<u>-</u>	<u>132 098</u>	<u>1 915 666</u>
EXPENSES				
Programs (note 13)	1 315 837	1 608	161 000	1 478 445
Resource development	274 606	1 186	-	275 792
Governance	15 343	-	-	15 343
Administration	183 838	506	14 018	198 362
	<u>1 789 624</u>	<u>3 300</u>	<u>175 018</u>	<u>1 967 942</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>(6 056)</u>	<u>(3 300)</u>	<u>(42 920)</u>	<u>(52 276)</u>
				<u>168 555</u>

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(52,276)	168,555
Non-cash items:		
Amortization of property and equipment	3,300	3,020
Unrealized and realized gain on investments - Million Dollar Club	(8,859)	(55,013)
	<u>(57,835)</u>	<u>116,562</u>
Net change in non-cash working capital items:		
Accounts receivable	(5,167)	(5,190)
Prepaid expenses	(25,003)	146,567
Accounts payable and accrued liabilities	4,685	3,193
Deferred contributions	(103,576)	(71,314)
	<u>(129,061)</u>	<u>73,256</u>
Net cash generated (used in) from operating activities	<u>(186,896)</u>	<u>189,818</u>
INVESTING ACTIVITIES		
Investment acquisition	(92,305)	(213,259)
Acquisition of property and equipment	4,429	-
Disposal of term deposits	164,673	338,011
Net cash generated from investing activities	<u>76,797</u>	<u>124,752</u>
FINANCING ACTIVITIES		
Endowment contributions and net cash generated from financing activity	<u>82,500</u>	<u>63,810</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS CASH	(27,599)	378,380
CASH AND EQUIVALENTS CASH, BEGINNING OF YEAR	<u>1,473,509</u>	<u>1,095,129</u>
CASH AND EQUIVALENTS CASH, END OF YEAR	<u>1,445,910</u>	<u>1,473,509</u>

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

1. ORGANIZATION AND PURPOSE

The Canadian Hemophilia Society – Société canadienne de l'hémophilie (the "Society") was incorporated on June 10th 1977 as a not-for-profit organization under Part III of the Quebec Companies Act. It is recognized as a charity organization under the Income Tax Act. It is exempt from income taxes.

Its objectives are as follows :

- Improving the health and quality of life of all people in Canada with inherited bleeding disorders and ultimately finding cures;
- Promoting research aimed at alleviating the suffering of people with inherited bleeding disorder.

2. SIGNIFICANT ACCOUNTING POLICIES

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.

Revenue recognition

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

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

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 (deficiency) of revenue over expenses.

Financial assets measured at amortized cost consist of accounts receivable and term deposits. 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.

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 (deficiency) of revenue over expenses. 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 (deficiency) of revenue over expenses.

Transaction costs

Transaction costs are expensed in the period incurred. However, transaction costs associated with financial instruments subsequently measured at amortized cost are recognized in the statement of operations at the cost of the financial asset or financial liability over the life of the instrument using the straight-line method.

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Received as endowment

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

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting (continued)

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, 2017, 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 2017 has been recorded in the Research Fund - Million Dollar Club.

Property and equipment

Property and equipment amortization is calculated using declining balance method at the following rates:

	Method	Rate
Office furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	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.

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 \$195,725 (2016 – \$167,861) 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.

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Organization's policy is to present bank balances under cash and cash equivalents, including bank overdrafts when bank balances that fluctuate frequently from being positive to overdrawn.

3. TERM DEPOSITS

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

	%	\$
	<u> </u>	<u> </u>
Short term		
March 2018	2.30	86,669
July 2018	2.40	166,896
November 2018	<u>0.50</u>	<u>200,000</u>
		<u>453,565</u>
 Long term		
March 2019	2.50	86,669
January 2020	<u>2.45</u>	<u>173,064</u>
		<u>259,733</u>

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

4. INVESTMENTS – MILLION DOLLAR CLUB

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

	2017 \$	2016 \$
Short term		
Cash and equivalent cash	88,473	52,847
Corporate bonds	<u>51,021</u>	<u>281,985</u>
	<u>139,494</u>	<u>334,832</u>
Long term		
Corporate bonds	113,966	171,196
Equities	680,442	664,413
Investment Funds	<u>1,745,310</u>	<u>1,416,466</u>
	<u>2,539,718</u>	<u>2,252,075</u>

Maturities of corporate bonds are as follows:

	2017 \$	2016 \$
Less than one year	51,021	281,985
Between one year and three years	50,926	51,776
Between three years and five years	<u>63,040</u>	<u>119,420</u>
	<u>164,987</u>	<u>453,181</u>

As at December 31, 2017, the average rate of return on investments – Million Dollar Club was 4.24% (2016 – 4.77%).

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

5. PROPERTY AND EQUIPMENT

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office furniture and equipment	111,456	110,302	1,154	1,442
Computer equipment	<u>69,787</u>	<u>57,738</u>	<u>12,049</u>	<u>10,632</u>
	<u>181,243</u>	<u>168,040</u>	<u>13,203</u>	<u>12,074</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Accounts payable and accrued liabilities	122,739	118,594
Accrued fringe benefits	3,984	3,908
Accrued wages and vacations	<u>24,328</u>	<u>23,863</u>
	<u>151,051</u>	<u>146,365</u>

7. CREDIT FACILITY

As at December 31, 2017, the Society had access to an unused credit facility of \$200,000 (2016 – \$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

AS AT DECEMBER 31, 2017

8. DEFERRED CONTRIBUTIONS

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

	2017	2016
	\$	\$
Benefactors Club	-	90,000
Nursing projects	114,730	217,783
CHS/Pfizer Care Until Cure Research Program	611,071	481,272
Rendez-vous 2017	-	30,000
Von Willebrand Awareness Program	19,866	-
International projects	31,523	32,510
Parent Support Program	5,000	28,000
CHS – Novo Nordisk Canada Psychosocial Research Program	47,389	55,192
CHS – Baxatta (Shire) Inherited Bleeding Disorders Fellowship Program	45,108	40,108
Physiotherapy projects	40,965	21,481
Sports and activities booklet	2,268	12,000
Women Bleeding Disorder Program (coderouge)	25,477	19,000
CBDR/MyCBDR	29,377	30,000
Social Worker projects	6,643	6,643
HCV Funds	21,013	21,013
Advocacy	28,000	-
Bleeding Assessment Tool	-	10,000
Preceptorship	4,496	12,500
Rare Bleeding Disorder Workshop	15,000	15,000
Standards of care	-	29,000
	<u>1,047,926</u>	<u>1,151,502</u>

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

9. CAPITAL

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

	2017 \$	2016 \$
	<u> </u>	<u> </u>
Fund balances		
Unrestricted	151,331	211,816
Internally restricted	1,509,035	1,511,955
Externally restricted	<u>2,263,884</u>	<u>2,171,384</u>
	<u>3,924,250</u>	<u>3,895,155</u>

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 2017 and 2016 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.

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

12. ENDOWMENT CONTRIBUTIONS

	2017 \$	2016 \$
Canadian Hemophilia Society		
Alberta Chapter	50,000	45,000
Société canadienne de l'hémophilie – Section Québec	20,000	10,000
Newfoundland and Labrador Chapter	10,000	5,000
Nova Scotia Chapter	1,000	1,000
Hemophilia Saskatchewan	-	1,000
Other contributions	1,500	1,810
	<u>82,500</u>	<u>63,810</u>

13. PROGRAM

Program expenses are detailed as follows:

	2017 \$	2016 \$
Salaries and benefits	303,392	317,377
Research	227,608	283,416
Care and treatment	394,763	275,872
Chapter support program	75,000	75,000
Education and support	229,994	267,011
Operating expenses	85,080	84,019
	<u>1,315,837</u>	<u>1,302,695</u>

Research expenses amounted to \$251,327 in 2017 (\$384,559 – 2016), of which \$227,608 was recognized in the statement of revenue and expenses in 2017 (2016 – \$283,416).

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE**

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

14. ALLOCATION OF EXPENSES

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

	2017			
	Programs \$	Ressource development \$	Administration \$	Total \$
Operating expenses	86,684	49,846	93,277	229,807
	-	-	-	-
	2016			
	Programs \$	Ressource development \$	Administration \$	Total \$
Operating expenses	85,432	48,140	97,391	230,963

15. COMMITMENTS

The commitments of the society under operating leases agreements aggregate to \$130,832. The instalments over the next four years are the following:

2018	72,414
2019	53,697
2020	3,147
2021	1,574

The society has also agreed to pay out an amount of \$291,091 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 2017, the total expense for the pension plan, which represents the Society's contribution, amounted to \$22,933 (2016 – \$24,520).

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

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, 2017.

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.

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

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.

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, 2017, the Society is exposed to interest rate risk mainly in respect of its cash, its term deposits and its investment-Million Dollar Club.

**CANADIAN HEMOPHILIA SOCIETY -
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NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

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 figures for 2016 have been reclassified to make their presentation identical to that adopted in 2017.