

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE
FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the members of
CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE

Qualified Opinion

We have audited the financial statements of CANADIAN HEMOPHILIA SOCIETY - SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE (the organization), which comprise the balance sheet as at December 31, 2021, and the statements of operations, changes in fund balances and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, we were not able to obtain sufficient appropriate audit evidence regarding the completeness of the donation revenues. Consequently, our audit of these revenues was limited to the amounts recorded in the accounts of the organization and we were not able to determine whether the revenues of this kind, the excess of revenue over expenses and the cash flows from operating activities for the years ending December 31, 2021 and 2020 and the accounts receivable and the fund balances presented in the balance sheets as at December 31, 2021 and 2020 might have been subject to any adjustments. Accordingly, we have expressed a qualified audit opinion for the financial statements for the year ending December 31, 2020, because of the potential impact of this limitation on our audit work.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Gosselin & Associés inc.*¹

GOSELIN & ASSOCIÉS INC.
Chartered professional accountant's corporation
Montreal, May 2, 2022

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

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

BALANCE SHEET

AS AT DECEMBER 31, 2021

						2021	2020
	General Fund	Property and Equipment Fund	Contingencies Fund	Research Fund Million Dollar Club	Endowment Fund - Million Dollar Club	Total	Total
	\$	\$	\$	\$	\$	\$	\$
ASSETS							
Current assets							
Cash	432,857	-	-	-	-	432,857	593,973
Term deposits (note 3)	885,454	-	359,590	-	-	1,245,044	1,024,486
Investments – Million Dollar Club (note 4)	-	-	-	6,579	-	6,579	103,309
Accounts receivable							
Provincial chapters	9,188	-	-	-	-	9,188	2,308
Other	97,731	-	-	6,282	-	104,013	36,523
Lease deposit	4,685	-	-	-	-	4,685	-
Prepaid expenses	483,500	-	-	43,957	-	527,457	408,010
	1,913,415	-	359,590	56,818	-	2,329,823	2,168,609
Lease deposit	-	-	-	-	-	-	4,685
Term deposits (note 3)	-	-	640,410	-	-	640,410	840,410
Investments – Million Dollar Club (note 4)	-	-	-	490,507	2,453,531	2,944,038	2,825,842
Property and equipment (note 5)	-	8,847	-	-	-	8,847	12,327
	1,913,415	8,847	1,000,000	547,325	2,453,531	5,923,118	5,851,873

CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE

BALANCE SHEET

AS AT DECEMBER 31, 2021

						2021	2020
	General Fund	Property and Equipment Fund	Contingencies Fund	Research Fund Million Dollar Club	Endowment Fund - Million Dollar Club	Total	Total
	\$	\$	\$	\$	\$	\$	\$
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities (note 7)	76,396	-	-	-	-	76,396	120,286
Deferred contributions (note 8)	1,468,693	-	-	-	-	1,468,693	1,484,999
	<u>1,545,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,545,089</u>	<u>1,605,285</u>
FUND BALANCES							
Unrestricted (note 9)	368,326	-	-	-	-	368,326	248,676
Invested in property and equipment (note 9)	-	8,847	-	-	-	8,847	12,327
Internally restricted (note 9)							
Contingencies Fund	-	-	1,000,000	-	-	1,000,000	1,000,000
Research Fund – Million Dollar Club	-	-	-	547,325	-	547,325	532,054
Endowment Fund – Million Dollar Club	-	-	-	-	175,277	175,277	175,277
Externally restricted (notes 9 and 10)	-	-	-	-	2,278,254	2,278,254	2,278,254
	<u>368,326</u>	<u>8,847</u>	<u>1,000,000</u>	<u>547,325</u>	<u>2,453,531</u>	<u>4,378,029</u>	<u>4,246,588</u>
	<u>1,913,415</u>	<u>8,847</u>	<u>1,000,000</u>	<u>547,325</u>	<u>2,453,531</u>	<u>5,923,118</u>	<u>5,851,873</u>
Commitments (note 14)							
	_____ Director				_____ Director		

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

CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund \$	Property and Equipment Fund \$	Contingencies Fund \$	Research Fund - Million Dollar Club \$	Endowment Fund - Million Dollar Club \$	2021 Total \$	2020 Total \$
Balance, beginning of year	248,676	12,327	1,000,000	532,054	2,453,531	4,246,588	4,046,726
Excess (deficiency) of revenues over expenses	122,737	(6,567)	-	15,271	-	131,441	199,362
Endowment contributions (Note 11)	-	-	-	-	-	-	500
Investment in property and equipment	<u>(3,087)</u>	<u>3,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>368,326</u></u>	<u><u>8,847</u></u>	<u><u>1,000,000</u></u>	<u><u>547,325</u></u>	<u><u>2,453,531</u></u>	<u><u>4,378,029</u></u>	<u><u>4,246,588</u></u>

**CANADIAN HEMOPHILIA SOCIETY -
SOCIÉTÉ CANADIENNE DE L'HÉMOPHILIE
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

				2021	2020
	General Fund	Property and Equipment Fund	Research Fund - Million Dollar Club	Total	Total
	\$	\$	\$	\$	\$
REVENUE					
Public support	280,159	-	6,672	286,831	155,153
Corporate support	1,015,774	-	8,503	1,024,277	1,042,364
Canada Emergency Wage Subsidy (CEWS)	-	-	-	-	13,016
Investment income	29,510	-	153,431	182,941	214,570
	<u>1,325,443</u>	<u>-</u>	<u>168,606</u>	<u>1,494,049</u>	<u>1,425,103</u>
EXPENSES					
Programs (note 12)	836,268	3,547	137,304	977,119	729,257
Resource development	132,920	1,904	-	134,824	202,264
Governance	32,903	-	-	32,903	60,974
Administration	200,615	1,116	16,031	217,762	233,246
	<u>1,202,706</u>	<u>6,567</u>	<u>153,335</u>	<u>1,362,608</u>	<u>1,225,741</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u><u>122,737</u></u>	<u><u>(6,567)</u></u>	<u><u>15,271</u></u>	<u><u>131,441</u></u>	<u><u>199,362</u></u>

The Property and Equipment Fund consists of the following :

- Amortization of property and equipment	2,212
- Loss on disposal of property and equipment	<u>4,355</u>
	<u><u>6,567</u></u>

**CANADIAN HEMOPHILIA SOCIETY -
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STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess of revenues over expenses	131,441	199,362
Non-cash items:		
Amortization of property and equipment	2,212	3,082
Loss on disposal of property and equipment	4,355	-
Unrealized gain on investments - Million Dollar Club	(43,002)	(98,282)
(Gain) loss on disposal of investments	(13,035)	4,298
	<u>81,971</u>	<u>108,460</u>
Net change in non-cash items related to operating activities:		
Accounts receivable	(74,370)	30,474
Prepaid expenses	(119,447)	(195,409)
Accounts payable and accrued liabilities	(43,890)	(4,676)
Deferred contributions	(16,306)	319,715
	<u>(254,013)</u>	<u>150,104</u>
Net cash generated (used in) from operating activities	<u>(172,042)</u>	<u>258,564</u>
INVESTING ACTIVITIES		
Investment acquisition	(16,208)	(58,809)
Investment proceeds	50,779	1,132
Acquisition of property and equipment	(3,087)	(1,294)
Purchase of term deposits	(20,558)	(59,402)
Net cash generated from (used in) investing activities	<u>10,926</u>	<u>(118,373)</u>
FINANCING ACTIVITY		
Endowment contributions and cash generated from financing activity	-	500
INCREASE (DECREASE) IN CASH AND EQUIVALENTS CASH	(161,116)	140,691
CASH AND EQUIVALENTS CASH, BEGINNING OF YEAR	<u>593,973</u>	<u>453,282</u>
CASH AND EQUIVALENTS CASH, END OF YEAR	<u><u>432,857</u></u>	<u><u>593,973</u></u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1 - ORGANIZATION AND PURPOSE

The Canadian Hemophilia Society – Société canadienne de l'hémophilie (the "Organization") was incorporated on June 10, 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 disorders.

2 - SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO).

Revenue recognition

The Organization 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.

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.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at cost, except for cash and investments – Million Dollar Club, which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expenses.

Financial assets measured at 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 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 cost are included or deducted in the initial measurement.

Fund accounting

The Organization 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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting (continued)

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.

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, 2021, the Endowment Fund - Million Dollar Club reached the amount of \$1,600,000; consequently, the investment income earned on the resources of the Endowment Fund - Million Dollar Club in 2021 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:

	Rate
Office furniture and equipment	20%
Computer equipment	20%

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed services

Volunteers contribute numerous hours per year to assist the Organization 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 Organization 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 \$81,288 (2020 – \$156,565) 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.

Cash and cash equivalents

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

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

3 - TERM DEPOSITS

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

	<u>%</u>	<u>\$</u>
Short term		
January 2022	0.25	422,320
December 2022	3.20	100,000
December 2022	3.25	100,000
Cash		622,724
		<u>1,245,044</u>
Long term		
December 2023	3.25	100,000
December 2023	3.25	100,000
December 2024	2.62	102,910
December 2024	2.72	102,860
December 2024	1.09	117,320
December 2025	1.20	117,320
		<u>640,410</u>

4 - INVESTMENTS – MILLION DOLLAR CLUB

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

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Short term		
Cash and equivalent cash	<u>6,579</u>	<u>103,309</u>
Long term		
Equities	816,124	650,413
Investment Funds and fixed income investments	<u>2,127,914</u>	<u>2,175,428</u>
	<u>2,944,038</u>	<u>2,825,841</u>

As at December 31, 2021, the average rate of return on investments – Million Dollar Club was 5.32% (2020 – 6.34%).

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5 - PROPERTY AND EQUIPMENT

	2021		2020	
	Cost \$	Accumulated amortization \$	Net book value \$	Net book value \$
Office furniture and equipment	111,456	110,983	473	591
Computer equipment	<u>15,890</u>	<u>7,516</u>	<u>8,374</u>	<u>11,736</u>
	<u>127,346</u>	<u>118,499</u>	<u>8,847</u>	<u>12,327</u>

6 - CREDIT FACILITY

As at December 31, 2021, the Organization had access to an unused credit facility of \$200,000 (2020 – \$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.

7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 \$	2020 \$
Accounts payable and accrued liabilities	26,942	31,292
Accrued wages and vacations	<u>49,454</u>	<u>88,994</u>
	<u>76,396</u>	<u>120,286</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

8 - DEFERRED CONTRIBUTIONS

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

	2021 \$	2020 \$
Benefactors Club	150,000	225,000
Nursing projects	29,990	37,555
CHS/Pfizer Care Until Cure Research Program	859,174	741,988
Women Bleeding Disorder Program (Code rouge)	13,333	62,745
International projects	40,037	30,607
Parent Support Program	27,737	27,737
CHS – Novo Nordisk Canada Psychosocial Research Program	35,144	52,144
CHS – Baxalta (Shire) Inherited Bleeding Disorders Fellowship Program	26,323	26,323
Physiotherapy projects	15,733	16,653
CBDR/MyCBDR	54,927	54,927
Social Worker projects	6,233	6,435
HCV Funds	21,013	21,013
Advocacy	9,121	12,691
Scholarship Program	-	15,000
Research	118,365	126,816
Ageing	-	17,365
Gene therapy research	50,000	-
CPHC & CSWHC Annual Meeting	10,000	10,000
Miscellaneous	1,563	-
	<u>1,468,693</u>	<u>1,484,999</u>

9 - FUND BALANCES

The following table summarizes the Organization's fund balances as at December 31:

	2021 \$	2020 \$
Unrestricted	368,326	248,676
Invested in property and equipment	8,847	12,327
Internally restricted	1,722,602	1,707,331
Externally restricted	<u>2,278,254</u>	<u>2,278,254</u>
	<u>4,378,029</u>	<u>4,246,588</u>

**CANADIAN HEMOPHILIA SOCIETY -
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

10 - EXTERNALLY RESTRICTED RESOURCES

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

11 - ENDOWMENT CONTRIBUTIONS

	2021 \$	2020 \$
Canadian Hemophilia Society		
Other contributions	-	500

12 - PROGRAMS

General fund programs expenses are detailed as follows:

	2021 \$	2020 \$
Salaries and benefits	409,182	406,931
Research	239,457	110,982
Care and treatment	64,715	46,456
Education and support	41,763	21,080
Operating expenses	<u>81,151</u>	<u>80,612</u>
	<u>836,268</u>	<u>666,061</u>

13 - ALLOCATION OF EXPENSES

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

	2021			
	Programs \$	Resource development \$	Administration \$	Total \$
Operating expenses	<u>81,151</u>	<u>52,895</u>	<u>104,018</u>	<u>238,064</u>
	2020			
	Programs \$	Resource development \$	Administration \$	Total \$
Operating expenses	<u>80,612</u>	<u>44,863</u>	<u>100,233</u>	<u>225,708</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

14 - COMMITMENTS

The commitments of the organization under an operating lease agreement ending in 2022 aggregate to \$47,293. The Organization has also agreed to pay out an amount of \$564,856 as research grants in the following year.

15 - EMPLOYEES PENSION PLAN

The Organization has a defined contribution pension plan for its employees. The Organization's contribution equals 5% of the employees' annual wages for those who have completed a two-year service period.

In 2021, the total expense for the pension plan, which represents the Society's contribution, amounted to \$21,542 (2020 – \$26,282).

16 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The Organization'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 Organization's risk exposure as at December 31, 2021.

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 Organization's main credit risk relates to accounts receivable, term deposits and investments - Million Dollar Club.

The Organization 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 Organization 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 Organization is exposed to all those risks.

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 Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments subject the Organization to fair value risk, while floating rate instruments subject it to cash flows risk. As at December 31, 2021, the Organization is exposed to interest rate risk mainly in respect of its cash, its term deposits and its investments - Million Dollar Club.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization holds Investments in US dollars that are exposed to foreign exchange fluctuations. As at December 31, 2021, investments totalling \$276,890 (\$242,568 in 2020) are denominated in US dollars and converted into Canadian dollars.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

16 - 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 Organization is exposed to other price risk through its investments - Million Dollar Club.