

Spina Bifida and Hydrocephalus Association of Canada
Financial Statements
April 30, 2011

Independent Auditors' Report

To the Members of Spina Bifida and Hydrocephalus Association of Canada:

We have audited the accompanying financial statements of Spina Bifida and Hydrocephalus Association of Canada, which comprise the statement of financial position as at April 30, 2011, and the statements of operations and fund balances and cash flows 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 generally accepted accounting principles, 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.

Auditors' 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 auditors' 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 statement.

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

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenues from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and fund balances.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, which we might have determined necessary had we been able to satisfy ourselves with respect to the completeness of revenues, as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Spina Bifida and Hydrocephalus Association of Canada as at April 30, 2011 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba

October 7, 2011

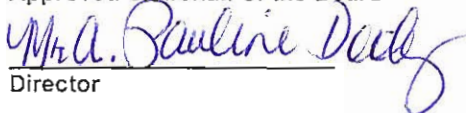
MNP LLP
Chartered Accountants

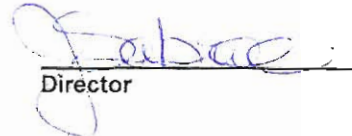
Spina Bifida and Hydrocephalus Association of Canada
Statement of Financial Position

As at April 30, 2011

	<i>General Fund</i>	<i>Research Fund</i>	<i>Scholarship Fund</i>	<i>2011</i>	<i>2010</i>
Assets					
Current					
Cash	125,142	13,016	10,607	148,765	86,841
Accounts receivable	4,849	-	-	4,849	8,322
Inventory	1,019	-	-	1,019	8,755
Prepaid expenses and deposits	2,592	-	-	2,592	2,720
	133,602	13,016	10,607	157,225	106,638
Capital assets (Note 3)	1	-	-	1	1
	133,603	13,016	10,607	157,226	106,639
Liabilities					
Current					
Accounts payable and accruals	4,995	-	-	4,995	4,660
Deferred contributions	12,166	-	-	12,166	32,576
	17,161	-	-	17,161	37,236
Net Assets					
Restricted	-	13,016	10,607	23,623	11,801
Unrestricted	116,442	-	-	116,442	57,602
	116,442	13,016	10,607	140,065	69,403
	133,603	13,016	10,607	157,226	106,639

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Spina Bifida and Hydrocephalus Association of Canada
Statement of Operations and Fund Balances

For the year ended April 30, 2011

	<i>General Fund</i>	<i>Research Fund</i>	<i>Scholarship Fund</i>	<i>2011</i>	<i>2010</i>
Revenues					
CEP Workers Union of Canada	108,716	-	-	108,716	61,504
Corporate and foundation	38,504	-	-	38,504	58,191
Sale of materials	300	-	-	300	1,885
Grant revenue	2,700	-	-	2,700	2,625
Individuals	48,684	-	-	48,684	13,606
Member contributions	7,000	714	500	8,214	12,638
Interest	214	2	4	220	85
Memberships	1,210	-	-	1,210	2,320
Rent	2,400	-	-	2,400	2,000
Fundraising	11,257	-	602	11,859	15,201
	220,985	716	1,106	222,807	170,055
Expenses					
Administration	35,229	-	-	35,229	49,435
Agency development	36,254	-	-	36,254	50,504
Dues and subscriptions	100	-	-	100	49
Insurance	2,896	-	-	2,896	2,482
Interest and bank charges	471	-	-	471	1,316
Meetings and conferences	19,184	-	-	19,184	17,645
Miscellaneous	-	-	-	-	440
Professional fees	6,477	-	-	6,477	4,000
Program and services	28,605	-	-	28,605	5,002
Rent	15,400	-	-	15,400	27,408
Scholarship	-	-	2,000	2,000	2,000
Telephone	5,529	-	-	5,529	5,352
	150,145	-	2,000	152,145	165,633
Excess (deficiency) of revenues over expenses	70,840	716	(894)	70,662	4,422
Fund balances, beginning of year	57,602	300	11,501	69,403	64,981
Interfund transfers	(12,000)	12,000	-	-	-
Fund balances, end of year	116,442	13,016	10,607	140,065	69,403

The accompanying notes are an integral part of these financial statements

Spina Bifida and Hydrocephalus Association of Canada

Statement of Cash Flows

For the year ended April 30, 2011

	2011	2010
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	70,662	4,422
Changes in working capital accounts		
Accounts receivable	3,473	(2,488)
Inventory	7,736	(3,983)
Prepaid expenses and deposits	128	3,198
Accounts payable and accruals	335	(5,499)
Deferred contributions	(20,410)	32,576
Increase in cash resources	61,924	28,226
Cash resources, beginning of year	86,841	58,615
Cash resources, end of year	148,765	86,841

The accompanying notes are an integral part of these financial statements

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

For the year ended April 30, 2011

1. Operations

Spina Bifida and Hydrocephalus Association of Canada (the "Association") is a registered charitable organization under the Income Tax Act of Canada, is not subject to income taxes and may issue receipts for charitable donations. The primary objectives of the Association are to improve the quality of life of persons with spina bifida and/or hydrocephalus; promote research into their causes, prevention and treatment; and inform the general public about spina bifida and hydrocephalus.

2. Significant accounting policies

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

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business.

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Revenue recognition

The Association uses the restricted method of accounting for contributions and maintains three funds - General Fund, Research Fund and Scholarship Fund.

The General Fund includes the Association's services and all unrestricted contributions. Contributions that are provided specifically for research purposes are reported directly in the Restricted Research Fund as revenue when received or receivable. Scholarship contributions are included as revenues in the Scholarship Fund.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Fund accounting

Revenues and expenses for current operations and programs are reported in the General Fund. Unrestricted contributions (donations and grants) and restricted contributions for the purpose of operating the Association are reported in this fund.

Revenues and expenses related to research activities are reported in the Research Fund. Scholarship contributions and the payments of scholarships are reported in the Scholarship Fund.

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

For the year ended April 30, 2011

2. Significant accounting policies (Continued from previous page)

Financial instruments

Held for trading:

The Association has classified cash as held for trading. This instrument is initially recognized at its fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in operations.

Loans and receivables:

The Association has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments and any reduction for impairment or uncollectibility. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Other financial liabilities:

The Association has classified accounts payable and accruals as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

Other financial liabilities are subsequently measured at amortized cost. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments. Gains and losses arising from changes in fair value are recognized in operations upon derecognition or impairment.

Donations in kind

A substantial number of volunteers have made significant contributions of their time to the Association and its purpose. The value of this contributed time is not reflected in these financial statements.

Contributed materials and services which would otherwise be paid by the Association are recorded at fair market value when provided.

Recent Accounting Pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt Part III of the Handbook as its new financial reporting standards. The Organization has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

For the year ended April 30, 2011

2. Significant accounting policies *(Continued from previous page)*

Allocation of expenses

The Association engages in agency development and programs and services. The costs of each program include the costs of salaries and wages and other expenses that are directly related to providing the program. The Association also incurs a number of general support expenses that are common to the administration of the Association and its programs.

3. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2011 Net book value</i>	<i>2010 Net book value</i>
Computer equipment	15,937	15,936	1	1
Furniture and fixtures	10,472	10,472	-	-
	26,409	26,408	1	1

4. Deferred contributions

Contributions are received from contributors who have restricted their use for research and operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

5. Commitments

The Association has an operating lease for its premises with a base rent of \$555 per month plus common area costs of approximately \$756 per month for a total of approximately \$1,311 per month under a lease expiring on January 31, 2012.

The Association has also entered into an operating lease for equipment. The equipment is leased at \$949 per quarter under a lease expiring on May 2013.

The minimum annual lease payments for the next two years are as follows:

2012	23,187
2013	949
	24,136

6. Financial instruments

The Association as part of its operations carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

7. Spina Bifida and Hydrocephalus Association of Canada Endowment Fund

The Spina Bifida and Hydrocephalus Association of Canada contributes to the Spina Bifida and Hydrocephalus Association of Canada Endowment Fund. The Endowment Fund was established in 2004 to provide an annual revenue stream to be used at the discretion of the Board of Spina Bifida and Hydrocephalus Association of Canada, in accordance with its charitable mission. Details of the Fund as at April 30, 2011 is as follows:

Capital contributions	\$ 38,636
Fair value	\$ 40,038

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

For the year ended April 30, 2011

8. Economic dependence

The Association is dependent on donation revenues in general and particularly from the CEP Workers Union of Canada. The amount of donations provided will vary from year to year. The Association's ability to continue operations is dependent on sufficient donation revenues to cover operating expenses each year.

9. Capital management

The Association's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide funding for education and research in the prevention, evaluation and treatment of Spina Bifida and Hydrocephalus birth defects.

The Association sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Association may buy and sell investments or change the amount of funds transferred to the individual funds.

The Association monitors capital on the basis of approval by the Executive Director for designation of large contributions, the Board's input as to the capital management approach to take, and through advice from the Association's investment advisors. During the year, the Association's strategy, which was unchanged from the prior year, is to protect the capital through maintaining low risk investments, as well as to ensure the funds are being spent in accordance with the designation of donors.

10. Allocation of expenses

Salaries and wages have been allocated as follows:

	2011	2010
Agency development	36,254	50,504
Programs and services	8,547	-
	<u>44,801</u>	<u>50,504</u>