

**Spina Bifida and Hydrocephalus
Association of Canada
Financial Statements
April 30, 2016**

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Independent Auditors' Report

To the Board of Directors 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, 2016, and the statements of operations, changes in 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 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.

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 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives part of its revenues from donations, fundraising and internal programs, 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 Organization and we were not able to determine whether any adjustments might be necessary to donations, fundraising and internal program revenue, excess (deficiency) of revenues over expenses for the year, current assets and fund balances.

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 Spina Bifida and Hydrocephalus Association of Canada as at April 30, 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.

Winnipeg, Canada
September 15, 2016

Chartered Professional Accountants

Spina Bifida and Hydrocephalus Association of Canada
Statement of Operations

Year ended April 30

2016

2015

	General Fund	Research Fund	Scholarship Fund	Total	Total
Revenues					
Unifor Canada	\$ 54,760	\$ -	\$ -	\$ 54,760	\$ 39,799
Corporate and foundation	26,007	-	-	26,007	26,159
Sale of materials	1,133	-	-	1,133	1,096
Individuals	10,816	27,904	-	38,720	296,662
Member contributions	9,540	700	1,000	11,240	9,300
Interest	292	4,208	135	4,635	2,346
Memberships	2,500	-	-	2,500	2,520
Rent	2,400	-	-	2,400	2,400
Fundraising	40,481	-	-	40,481	56,493
	<u>147,929</u>	<u>32,812</u>	<u>1,135</u>	<u>181,876</u>	<u>436,775</u>
Expenses					
Administration	42,500	-	-	42,500	42,038
Agency development	51,196	-	-	51,196	54,162
Amortization	883	-	-	883	1,176
Dues and subscriptions	350	-	-	350	150
Insurance	3,112	-	-	3,112	3,256
Interest and bank charges	1,358	-	-	1,358	575
Meetings and conferences	633	-	-	633	10,980
Professional fees	5,283	-	-	5,283	7,965
Program and services	10,477	-	-	10,477	10,327
Rent	26,796	-	-	26,796	25,094
Research grants	-	-	-	-	19,380
Scholarship	-	-	2,000	2,000	1,000
Telephone and internet	4,363	-	-	4,363	4,173
	<u>146,951</u>	<u>-</u>	<u>2,000</u>	<u>148,951</u>	<u>180,276</u>
Excess (deficiency) of revenues over expenses	<u>\$ 978</u>	<u>\$ 32,812</u>	<u>\$ (865)</u>	<u>\$ 32,925</u>	<u>\$ 256,499</u>

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada
Statement of Changes in Fund Balances

Year ended April 30

2016

2015

	<u>General Fund</u>	<u>Research Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning of year	\$ 20,907	\$ 305,546	\$ 15,136	\$ 341,589	\$ 85,090
Excess (deficiency) of revenues over expenses	<u>978</u>	<u>32,812</u>	<u>(865)</u>	<u>32,925</u>	<u>256,499</u>
Fund balances, end of year	<u>\$ 21,885</u>	<u>\$ 338,358</u>	<u>\$ 14,271</u>	<u>\$ 374,514</u>	<u>\$ 341,589</u>

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada
Statement of Financial Position

April 30

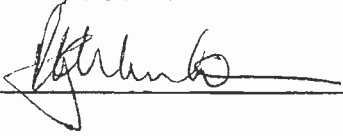
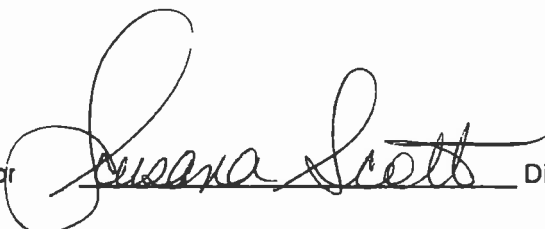
2016

2015

	General Fund	Research Fund	Scholarship Fund	Total	Total
Assets					
Current					
Cash and equivalents (Note 3)	\$ 14,863	\$ 338,358	\$ 14,271	\$ 367,492	\$ 357,610
Receivables	31,900	-	-	31,900	2,589
Prepays	7,611	-	-	7,611	4,800
Inventory	6,001	-	-	6,001	8,705
	<u>60,375</u>	<u>338,358</u>	<u>14,271</u>	<u>413,004</u>	<u>373,704</u>
Long-term investments	-	-	-	-	5,385
Property and equipment (Note 4)	2,860	-	-	2,860	3,743
	<u>\$ 63,235</u>	<u>\$ 338,358</u>	<u>\$ 14,271</u>	<u>\$ 415,864</u>	<u>\$ 382,832</u>
Liabilities					
Current					
Payables and accruals (Note 5)	\$ 16,473	\$ -	\$ -	\$ 16,473	\$ 19,108
Deferred contributions for capital assets (Note 6)	2,818	-	-	2,818	3,644
Deferred contributions (Note 7)	22,059	-	-	22,059	18,491
	<u>41,350</u>	<u>-</u>	<u>-</u>	<u>41,350</u>	<u>41,243</u>
Fund Balances					
Restricted	-	338,358	14,271	352,629	320,682
Unrestricted	21,885	-	-	21,885	20,907
	<u>21,885</u>	<u>338,358</u>	<u>14,271</u>	<u>374,514</u>	<u>341,589</u>
	<u>\$ 63,235</u>	<u>\$ 338,358</u>	<u>\$ 14,271</u>	<u>\$ 415,864</u>	<u>\$ 382,832</u>

Commitment (Note 8)

Approved by the Board

 Director
  Director

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada
Statement of Cash Flows

Year ended April 30

2016

2015

Cash derived from (applied to):

Operating

Excess of revenues over expenses	\$ 32,925	\$ 256,499
Amortization	883	1,176
Amortization of deferred contributions for capital assets	<u>(826)</u>	<u>(1,036)</u>

32,982 256,639

Change in non-cash working capital items

Receivables	(29,311)	(1,461)
Prepays	(2,811)	1,388
Inventory	2,704	(1,564)
Payables and accruals	(2,635)	48
Deferred contributions	<u>3,568</u>	<u>18,491</u>

4,497 273,541

Investing

Purchase of long-term investments	-	1,930
Long-term investment matured to cash and equivalents	<u>5,385</u>	<u>-</u>

Net increase in cash

9,882 275,471

Cash and equivalents

Beginning of year	<u>357,610</u>	<u>82,139</u>
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End of year	<u>\$ 367,492</u>	<u>\$ 357,610</u>
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See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

April 30, 2016

1. Nature of the organization

Spina Bifida and Hydrocephalus Association of Canada (the "Organization") 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 Organization 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

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are detailed as follows:

(a) Cash and equivalents

Cash and cash equivalents include balances with banks and term deposits that mature within twelve months of fiscal year end.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method.

(c) Long-term investments

Long-term investments are held in term deposits that mature in greater than twelve months from fiscal year end. These investments are initially recognized and subsequently measured at fair value.

(d) Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	30%
Computer software	30%
Furniture and fixtures	20%

Spina Bifida and Hydrocephalus Association of Canada
Notes to the Financial Statements

April 30, 2016

2. Significant accounting policies - continued

(e) Fund accounting

The Organization maintains three funds - General Fund, Research Fund and Scholarship Fund.

Revenues and expenses for current operations, programs and services are reported in the **General 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**.

(f) Revenue recognition

The Organization uses the restricted fund method of accounting for contributions.

Unrestricted contributions (donations and grants) are recognized in the General Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions, for purposes other than that of the Research and Scholarship Funds, are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Fundraising revenue is recognized at the time the event is held.

Contributions that are provided specifically for research purposes are reported directly in the Restricted Research Fund as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Scholarship contributions are included as revenue in the Scholarship Fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

(g) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(h) Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Spina Bifida and Hydrocephalus Association of Canada
Notes to the Financial Statements

April 30, 2016

2. Significant accounting policies - continued

(i) Financial instruments

The Organization is not exposed to significant credit, currency, interest rate, liquidity, market or price risks arising from its financial instruments.

(j) Donations in kind

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

(k) Allocation of expenses

The Organization engages in agency development and programs and services and allocates certain administration expenses to these activities.

Salaries and wages expenses are allocated based on the proportionate amount of time spent on these activities. Office supplies and other administration expenses are allocated to these activities according to the Organization's internal policy.

During the year, the following allocations were made from administration expenses:

Program and services	
Salaries and wages	\$ 10,295
Advertising, education and office expenses	<u>182</u>
	10,477
Agency development	
Salaries and wages	<u>32,975</u>
	<u>\$ 43,452</u>

Spina Bifida and Hydrocephalus Association of Canada
Notes to the Financial Statements

April 30, 2016

3. Cash and equivalents

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 361,972	\$ 353,309
Term deposit (Interest rate 2.5%, maturing November 27, 2016)	<u>5,520</u>	<u>4,301</u>
	<u>\$ 367,492</u>	<u>\$ 357,610</u>

4. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net Book Value</u>	<u>2015 Net Book Value</u>
Computer equipment	\$ 19,207	\$ 18,350	\$ 857	\$ 1,224
Computer software	496	410	86	123
Furniture and fixtures	<u>14,632</u>	<u>12,715</u>	<u>1,917</u>	<u>2,396</u>
	<u>\$ 34,335</u>	<u>\$ 31,475</u>	<u>\$ 2,860</u>	<u>\$ 3,743</u>

5. Payables and accruals

	<u>2016</u>	<u>2015</u>
Trade accounts payable and accruals	\$ 16,473	\$ 17,927
Government remittances payable	<u>-</u>	<u>1,181</u>
	<u>\$ 16,473</u>	<u>\$ 19,108</u>

6. Deferred contributions for capital assets

Deferred contributions for capital assets relates to funding received toward the purchase of capital assets and is being amortized on the same basis as those assets. There were no contributions for capital assets received during the year. During the year, \$826 (2015 - \$1,036) of deferred contributions were amortized and included in revenues of the General Fund.

Spina Bifida and Hydrocephalus Association of Canada
Notes to the Financial Statements

April 30, 2016

7. Deferred contributions

The deferred contributions reported in the General Fund represent externally restricted funding that relates to the subsequent year.

Changes in the deferred contributions balance are as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 18,491	\$ -
Add: amounts received during the year	22,059	33,460
Less: amounts recognized as revenue during the year	<u>(18,491)</u>	<u>(14,969)</u>
Balance, end of year	<u>\$ 22,059</u>	<u>\$ 18,491</u>

8. Commitment

The Organization has an operating lease for its premises, which consists of a base rent payment plus an allocation of common area costs. The lease expires January 31, 2017.

The estimated minimum annual payment for 2017 is \$21,449.

9. Spina Bifida and Hydrocephalus Association of Canada Endowment Fund

The Organization contributes to the Spina Bifida and Hydrocephalus Association of Canada Endowment Fund maintained by Winnipeg Foundation Inc. The Endowment Fund was established in 2004 to provide an annual revenue stream to be used at the discretion of the Board, in accordance with its charitable mission. Details of the Fund as at April 30, 2016 and April 30, 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Capital Contributions	\$ 42,780	\$ 42,780
Fair Value	52,083	54,995

10. Economic dependence

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