

**Spina Bifida and Hydrocephalus
Association of Canada
Financial Statements**
April 30, 2019

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Independent Auditors' Report

To the Board of Directors of Spina Bifida and Hydrocephalus Association of Canada

Qualified Opinion

We have audited the financial statements of Spina Bifida and Hydrocephalus Association of Canada (the "Organization"), which comprise the statement of financial position as at April 30, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2019, and its results of 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 charitable organizations, the Organization derives part of its revenues from donations, fundraising and internal programs which are not susceptible of complete audit verification. Accordingly, our verification of revenue from these sources was limited to accounting for 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, (deficiency) excess of revenues over expenses for the year, and current assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 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.

Independent Auditors' Report - continued

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.



Spina Bifida and Hydrocephalus Association of Canada
Statement of Operations

Year ended April 30

2019

2018

	General Fund	Research Fund	Scholarship Fund	Total	Total
Revenues					
Unifor Canada	\$ 42,786	\$ -	\$ -	\$ 42,786	\$ 43,262
Corporate and foundation	29,711	-	-	29,711	13,542
Sale of materials	238	-	-	238	250
Individuals	10,189	-	-	10,189	108,344
Member contributions	4,270	500	500	5,270	6,040
Interest	23	3,920	34	3,977	2,470
Memberships	2,000	-	-	2,000	2,250
Rent	900	-	-	900	1,200
Fundraising	46,017	-	-	46,017	41,466
	<u>136,134</u>	<u>4,420</u>	<u>534</u>	<u>141,088</u>	<u>218,824</u>
Expenses					
Administration	22,246	-	-	22,246	23,234
Agency development	85,297	-	-	85,297	75,197
Amortization	384	-	-	384	505
Dues and subscriptions	911	-	-	911	315
Insurance	3,575	-	-	3,575	3,561
Interest and bank charges	1,337	-	-	1,337	1,118
Meetings and conferences	29,481	-	-	29,481	347
Professional fees	5,604	-	-	5,604	5,539
Program and services	13,842	-	-	13,842	14,331
Rent	3,995	-	-	3,995	3,918
Research grants	-	-	-	-	24,997
Scholarship	-	-	1,000	1,000	2,000
Telephone and internet	3,403	-	-	3,403	3,695
	<u>170,075</u>	<u>-</u>	<u>1,000</u>	<u>171,075</u>	<u>158,757</u>
(Deficiency) excess of revenues over expenses	<u>\$ (33,941)</u>	<u>\$ 4,420</u>	<u>\$ (466)</u>	<u>\$ (29,987)</u>	<u>\$ 60,067</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

	2019			2018	
	<u>General Fund</u>	<u>Research Fund</u>	<u>Scholarship Fund</u>	<u>Total</u>	<u>Total</u>
Fund balances, beginning of year	\$ 108,277	\$ 294,337	\$ 11,645	\$ 414,259	\$ 354,192
(Deficiency) excess of revenues over expenses	<u>(33,941)</u>	<u>4,420</u>	<u>(466)</u>	<u>(29,987)</u>	<u>60,067</u>
Fund balances, end of year	<u>\$ 74,336</u>	<u>\$ 298,757</u>	<u>\$ 11,179</u>	<u>\$ 384,272</u>	<u>\$ 414,259</u>

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada
Statement of Financial Position

April 30

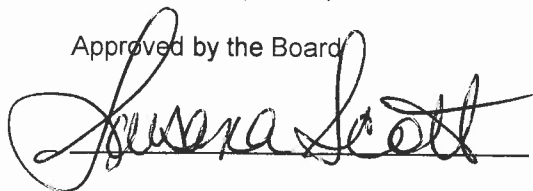
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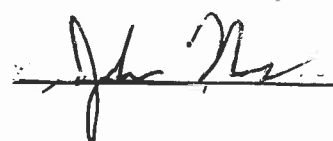
2018

	General Fund	Research Fund	Scholarship Fund	Total	Total
Assets					
Current					
Cash	\$ 77,311	\$ 298,757	\$ 11,179	\$ 387,247	\$ 412,152
Receivables	10,366	-	-	10,366	11,546
Prepays	1,662	-	-	1,662	8,184
Inventory	10,785	-	-	10,785	11,241
	100,124	298,757	11,179	410,060	443,123
Property and equipment (Note 3)	1,305	-	-	1,305	1,689
	<u>\$ 101,429</u>	<u>\$ 298,757</u>	<u>\$ 11,179</u>	<u>\$ 411,365</u>	<u>\$ 444,812</u>
Liabilities					
Current					
Payables and accruals	\$ 15,038	\$ -	\$ -	\$ 15,038	\$ 17,664
Deferred contributions for capital assets (Note 4)	1,305	-	-	1,305	1,689
Deferred contributions (Note 5)	10,750	-	-	10,750	11,200
	27,093	-	-	27,093	30,553
Fund Balances					
Restricted	-	298,757	11,179	309,936	305,982
Unrestricted	74,336	-	-	74,336	108,277
	74,336	298,757	11,179	384,272	414,259
	<u>\$ 101,429</u>	<u>\$ 298,757</u>	<u>\$ 11,179</u>	<u>\$ 411,365</u>	<u>\$ 444,812</u>

Commitment (Note 6)

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

2019**2018**

Cash derived from (applied to):

Operating

(Deficiency) excess of revenues over expenses	\$ (29,987)	\$ 60,067
Amortization	384	505
Amortization of deferred contributions for capital assets	(384)	(502)
	<u>(29,987)</u>	<u>60,070</u>

Change in non-cash working capital items

Receivables	1,180	272
Prepays	6,522	(5,135)
Inventory	456	(2,492)
Payables and accruals	(2,626)	5,155
Deferred contributions	(450)	10,950
	<u>(450)</u>	<u>10,950</u>

Net (decrease) increase in cash**(24,905) 68,820****Cash**

Beginning of year	<u>412,152</u>	<u>343,332</u>
End of year	<u>\$ 387,247</u>	<u>\$ 412,152</u>

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

April 30, 2019

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) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. During the year, \$9,300 (2018 - \$6,607) of inventory was expensed.

(b) 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%

(c) 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**.

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

April 30, 2019

2. Significant accounting policies - continued

(d) 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.

Contributions that are provided specifically for research purposes are reported directly in the 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.

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

Membership revenue is recognized over the term of the membership.

Interest and rental revenue are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(e) 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.

(f) 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, 2019

2. Significant accounting policies - continued

(g) Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at their fair value with subsequent reporting at amortized cost. Financial assets and liabilities are initially measured at their carrying or exchange amounts.

The Organization measures cash and equivalents, receivables and trade payables and accruals at amortized cost.

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market or price risks arising from its financial instruments.

(h) 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.

(i) Allocation of expenses

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

Rent, 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	
Rent	\$ 2,365
Salaries and wages	<u>11,477</u>
	13,842
Agency development	
Rent	9,619
Salaries and wages	<u>46,685</u>
	<u>\$ 70,146</u>

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

April 30, 2019

3. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Computer equipment	\$ 19,207	\$ 18,913	\$ 294	\$ 420
Computer software	496	467	29	42
Furniture and fixtures	<u>14,632</u>	<u>13,650</u>	<u>982</u>	<u>1,227</u>
	<u>\$ 34,335</u>	<u>\$ 33,030</u>	<u>\$ 1,305</u>	<u>\$ 1,689</u>

4. Deferred contributions for capital assets

Deferred contributions for capital assets relates to funding received toward the purchase of capital assets and are being amortized on the same basis as those assets. There were no contributions for capital assets received during the year. During the year, \$384 (2018 - \$502) of deferred contributions were amortized and included in revenues of the General Fund.

5. 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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 11,200	\$ 250
Add: amounts received during the year	10,750	11,200
Less: amounts recognized as revenue during the year	<u>(11,200)</u>	<u>(250)</u>
Balance, end of year	<u>\$ 10,750</u>	<u>\$ 11,200</u>

6. 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, 2020.

The estimated minimum annual payment for the next year is as follows:

2020	\$ 12,010
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Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

April 30, 2019

7. 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, 2019 and April 30, 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Capital contributions	\$ 42,780	\$ 42,780
Fair value	57,884	56,574

The Fund is comprised of an initial \$15,000 contribution received from Spina Bifida and Hydrocephalus Association of British Columbia. If Spina Bifida and Hydrocephalus Association of Canada were to cease to exist, Spina Bifida and Hydrocephalus Association of British Columbia will become recipient of dividends on the \$15,000.

8. 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.
