

**Spina Bifida and Hydrocephalus
Association of Canada
Financial Statements
April 30, 2017**

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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, 2017, 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, 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.

Spina Bifida and Hydrocephalus Association of Canada
Statement of Operations

Year ended April 30

2017

2016

| | General Fund | Research Fund | Scholarship Fund | Total | Total (Note 10) |
|---|-----------------|--------------------|---------------------|--------------------|--------------------|
| Revenues | | | | | |
| Unifor Canada | \$ 50,298 | \$ - | \$ - | \$ 50,298 | \$ 54,760 |
| Corporate and foundation | 23,476 | - | - | 23,476 | 26,007 |
| Sale of materials | 1,715 | - | - | 1,715 | 1,133 |
| Individuals | 15,590 | - | - | 15,590 | 38,720 |
| Member contributions | 6,300 | 1,250 | 750 | 8,300 | 11,240 |
| Interest | 46 | 1,260 | 116 | 1,422 | 4,635 |
| Memberships | 2,250 | - | - | 2,250 | 2,500 |
| Rent | 2,400 | - | - | 2,400 | 2,400 |
| Fundraising | 47,427 | - | - | 47,427 | 40,481 |
| | <u>149,502</u> | <u>2,510</u> | <u>866</u> | <u>152,878</u> | <u>181,876</u> |
| Expenses | | | | | |
| Administration | 23,748 | - | - | 23,748 | 42,500 |
| Agency development | 85,381 | - | - | 85,381 | 63,195 |
| Amortization | 666 | - | - | 666 | 883 |
| Dues and subscriptions | 150 | - | - | 150 | 350 |
| Insurance | 3,533 | - | - | 3,533 | 3,112 |
| Interest and bank charges | 1,066 | - | - | 1,066 | 1,358 |
| Meetings and conferences | 171 | - | - | 171 | 633 |
| Professional fees | 5,862 | - | - | 5,862 | 5,283 |
| Program and services | 15,751 | - | - | 15,751 | 14,223 |
| Rent | 6,221 | - | - | 6,221 | 11,051 |
| Research grants | - | 24,740 | - | 24,740 | - |
| Scholarship | - | - | 2,000 | 2,000 | 2,000 |
| Telephone and internet | 3,911 | - | - | 3,911 | 4,363 |
| | <u>146,460</u> | <u>24,740</u> | <u>2,000</u> | <u>173,200</u> | <u>148,951</u> |
| (Deficiency) excess of revenues over expenses | <u>\$ 3,042</u> | <u>\$ (22,230)</u> | <u>\$ (1,134)</u> | <u>\$ (20,322)</u> | <u>\$ 32,925</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

2017

2016

| | <u>General Fund</u> | <u>Research Fund</u> | <u>Scholarship Fund</u> | <u>Total</u> | <u>Total</u> |
|---|-------------------------|--------------------------|-----------------------------|-------------------|-------------------|
| Fund balances, beginning of year | \$ 21,885 | \$ 338,358 | \$ 14,271 | \$ 374,514 | \$ 341,589 |
| (Deficiency) excess of revenues over expenses | <u>3,042</u> | <u>(22,230)</u> | <u>(1,134)</u> | <u>(20,322)</u> | <u>32,925</u> |
| Fund balances, end of year | <u>\$ 24,927</u> | <u>\$ 316,128</u> | <u>\$ 13,137</u> | <u>\$ 354,192</u> | <u>\$ 374,514</u> |

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada
Statement of Financial Position

April 30

2017

2016

| | General Fund | Research Fund | Scholarship Fund | Total | Total |
|---|------------------|-------------------|---------------------|-------------------|-------------------|
| Assets | | | | | |
| Current | | | | | |
| Cash and equivalents (Note 3) | \$ 14,067 | \$ 316,128 | \$ 13,137 | \$ 343,332 | \$ 367,492 |
| Receivables | 11,818 | - | - | 11,818 | 31,900 |
| Prepays | 3,049 | - | - | 3,049 | 7,611 |
| Inventory | 8,749 | - | - | 8,749 | 6,001 |
| | <u>37,683</u> | <u>316,128</u> | <u>13,137</u> | <u>366,948</u> | <u>413,004</u> |
| Property and equipment (Note 4) | 2,194 | - | - | 2,194 | 2,860 |
| | <u>\$ 39,877</u> | <u>\$ 316,128</u> | <u>\$ 13,137</u> | <u>\$ 369,142</u> | <u>\$ 415,864</u> |
| Liabilities | | | | | |
| Current | | | | | |
| Payables and accruals | \$ 12,509 | \$ - | \$ - | \$ 12,509 | \$ 16,473 |
| Deferred contributions for capital assets (Note 5) | 2,191 | - | - | 2,191 | 2,818 |
| Deferred contributions (Note 6) | 250 | - | - | 250 | 22,059 |
| | <u>14,950</u> | <u>-</u> | <u>-</u> | <u>14,950</u> | <u>41,350</u> |
| Fund Balances | | | | | |
| Restricted | - | 316,128 | 13,137 | 329,265 | 352,629 |
| Unrestricted | 24,927 | - | - | 24,927 | 21,885 |
| | <u>24,927</u> | <u>316,128</u> | <u>13,137</u> | <u>354,192</u> | <u>374,514</u> |
| | <u>\$ 39,877</u> | <u>\$ 316,128</u> | <u>\$ 13,137</u> | <u>\$ 369,142</u> | <u>\$ 415,864</u> |

Commitment (Note 7)

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

2017

2016

Cash derived from (applied to):

Operating

| | | |
|---|--------------|--------------|
| (Deficiency) excess of revenues over expenses | \$ (20,322) | \$ 32,925 |
| Amortization | 666 | 883 |
| Amortization of deferred contributions for capital assets | <u>(626)</u> | <u>(826)</u> |

(20,282) 32,982

Change in non-cash working capital items

| | | |
|------------------------|-----------------|--------------|
| Receivables | 20,082 | (29,311) |
| Prepays | 4,562 | (2,811) |
| Inventory | (2,748) | 2,704 |
| Payables and accruals | (3,965) | (2,635) |
| Deferred contributions | <u>(21,809)</u> | <u>3,568</u> |

(24,160) 4,497

Investing

| | | |
|--|----------|--------------|
| Long-term investment matured to cash and equivalents | <u>-</u> | <u>5,385</u> |
|--|----------|--------------|

Net increase in cash

(24,160) 9,882

Cash and equivalents

| | | |
|-------------------|----------------|----------------|
| Beginning of year | <u>367,492</u> | <u>357,610</u> |
|-------------------|----------------|----------------|

| | | |
|-------------|--------------------------|--------------------------|
| End of year | <u><u>\$ 343,332</u></u> | <u><u>\$ 367,492</u></u> |
|-------------|--------------------------|--------------------------|

See accompanying notes to the financial statements.

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

April 30, 2017

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) 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% |

(d) 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, 2017

2. Significant accounting policies - continued

(e) 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.

(f) 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.

(g) 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.

(h) 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. 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.

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

April 30, 2017

2. Significant accounting policies - continued

(i) 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.

(j) 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 | \$ | 3,683 |
| Salaries and wages | | <u>11,514</u> |
| | | 15,197 |
| Agency development | | |
| Rent | | 14,980 |
| Salaries and wages | | <u>46,832</u> |
| | \$ | <u><u>77,009</u></u> |

3. Cash and equivalents

| | <u>2017</u> | <u>2016</u> |
|--|--------------------------|--------------------------|
| Cash on hand | \$ 343,332 | \$ 361,972 |
| Term deposit (Interest rate 2.5%, matured November 27, 2016) | <u>-</u> | <u>5,520</u> |
| | <u><u>\$ 343,332</u></u> | <u><u>\$ 367,492</u></u> |

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

April 30, 2017

4. Property and equipment

| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>2017 Net Book Value</u> | <u>2016 Net Book Value</u> |
|------------------------|------------------|-------------------------------------|------------------------------------|------------------------------------|
| Computer equipment | \$ 19,207 | \$ 18,607 | \$ 600 | \$ 857 |
| Computer software | 496 | 436 | 60 | 86 |
| Furniture and fixtures | <u>14,632</u> | <u>13,098</u> | <u>1,534</u> | <u>1,917</u> |
| | <u>\$ 34,335</u> | <u>\$ 32,141</u> | <u>\$ 2,194</u> | <u>\$ 2,860</u> |

5. 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, \$626 (2016 - \$826) of deferred contributions were amortized and included in revenues of the General Fund.

6. 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>2017</u> | <u>2016</u> |
|---|-----------------|------------------|
| Balance, beginning of year | \$ 22,059 | \$ 18,491 |
| Add: amounts received during the year | 250 | 22,059 |
| Less: amounts recognized as revenue during the year | <u>(22,059)</u> | <u>(18,491)</u> |
| Balance, end of year | <u>\$ 250</u> | <u>\$ 22,059</u> |

7. 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 payments for the next three years are as follows:

| | |
|------|-----------|
| 2018 | \$ 15,483 |
| 2019 | 15,483 |
| 2020 | 11,612 |

Spina Bifida and Hydrocephalus Association of Canada

Notes to the Financial Statements

April 30, 2017

8. 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, 2017 and April 30, 2016 are as follows:

| | <u>2017</u> | | <u>2016</u> |
|-----------------------|-------------|----|-------------|
| Capital Contributions | \$ 42,780 | \$ | 42,780 |
| Fair Value | 57,469 | | 52,083 |

9. 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.

10. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect the prior year fund balances.
