

HEMOPHILIA ONTARIO

Financial Statements

December 31, 2010

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Marinucci & Company
Chartered Accountants

1235 Bay Street, Suite 400
Toronto Ontario
M5R 3K4
Tel 416 214 1555 Fax 416 596 1520
E-mail sam@marinucci.ca

Independent Auditors' Report

To the Directors of **Hemophilia Ontario**

We have audited the accompanying financial statements of **Hemophilia Ontario**, which comprise the statement of financial position as at December 31, 2010, and the statement of operations and changes in net assets 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 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 for a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hemophilia Ontario as at December 31, 2010, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Marinucci & Company

Toronto, Ontario

Chartered Accountants

March 29, 2011

Licensed Public Accountants

HEMOPHILIA ONTARIO

Statement of Financial Position

As at December 31

	2010	2009
ASSETS		
Current:		
Cash and cash equivalents (Notes 3 and 4)	\$ 554,547	\$ 567,260
Accounts receivable	78,547	51,499
Prepaid expenses and other assets	<u>18,049</u>	<u>27,911</u>
	<u>\$ 651,053</u>	<u>\$ 646,670</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	\$ 10,509	\$ 13,721
Deferred contributions (Note 4)	<u>59,934</u>	<u>52,724</u>
	<u>70,443</u>	<u>66,445</u>
NET ASSETS		
Internally restricted (Note 3)	50,000	50,000
Unrestricted	<u>530,610</u>	<u>530,225</u>
	<u>580,610</u>	<u>580,225</u>
	<u>\$ 651,053</u>	<u>\$ 646,670</u>

Commitments (Note 6)

Approved by the Board:  Director

 Director

See accompanying Notes to Financial Statements

HEMOPHILIA ONTARIO

Statement of Operations and Changes in Net Assets

Year ended December 31

	General Program	AIDS Bureau Program	2010 Total	2009 Total
REVENUES				
Grants:				
Ontario	\$ 10,989	\$ 439,492	\$ 450,481	\$ 419,717
Fundraising and gaming activities:				
Bingo and Provincial Nevada	41,101	-	41,101	80,743
CHS national revenue sharing	57,621	-	57,621	52,478
Programs and events	207,204	-	207,204	219,346
Donations:				
Federated Health Charities	78,279	-	78,279	75,308
Individuals and bequests	63,044	-	63,044	82,815
Other contributions	20,248	-	20,248	25,068
Regional assessments (Note 5)	24,000	-	24,000	24,000
Interest	3,813	-	3,813	3,615
Municipal property tax rebate	4,601	-	4,601	5,619
Other	8	-	8	-
	<u>510,908</u>	<u>439,492</u>	<u>950,400</u>	<u>988,709</u>
EXPENSES				
Staffing costs	202,446	339,814	542,260	538,971
Programs	197,372	41,278	238,650	258,342
Professional fees	-	8,200	8,200	23,575
Office supplies and expenses	50,798	15,950	66,748	69,318
Staff and volunteer development	6,143	-	6,143	8,889
Building occupancy (Note 6)	20,844	25,000	45,844	47,678
Board and committee meetings	24,471	-	24,471	27,310
Insurance	3,317	9,250	12,567	18,817
Travel	5,132	-	5,132	19,355
	<u>510,523</u>	<u>439,492</u>	<u>950,015</u>	<u>1,012,255</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	385	-	385	(23,546)
NET ASSETS, beginning of year	<u>580,225</u>	<u>-</u>	<u>580,225</u>	<u>603,771</u>
NET ASSETS, end of year	<u>\$ 580,610</u>	<u>\$ -</u>	<u>\$ 580,610</u>	<u>\$ 580,225</u>

See accompanying Notes to Financial Statements

HEMOPHILIA ONTARIO

Notes to Financial Statements

December 31, 2010

1. NATURE AND PURPOSE OF THE ORGANIZATION

Hemophilia Ontario is incorporated without share capital under the Ontario Business Corporations Act as a not-for-profit organization. Its objective is to promote opportunities for improving the quality of life and health for all affected with bleeding disorders. The ultimate aim is cure. Towards those ends, the organization is committed to provide and support programs of research; consumer, public and professional education; and consumer, family and community services.

The organization is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes provided that it continues to fulfill the requirements and regulations of the Act in respect to registered charities.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements reflect the assets, liabilities, revenues, expenses and cash flows of Hemophilia Ontario and Hemophilia Ontario regions consisting of the Central West Ontario Region (CWOR), the Sudbury & North-Eastern Ontario Region (NEOR), the Ottawa & Eastern Ontario Region (OEOR) and the South Western Ontario Region (SWOR).

These financial statements do not include the assets, liabilities, revenues, expenses and cash flows of the Toronto and Central Ontario Regional Hemophilia Society ("TCOR"), as it is a separate legal entity. Financial statements for TCOR are presented and reported on separately.

These financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Comparative amounts

Certain 2009 comparative amounts have been reclassified to conform with 2010 financial statement presentation. These reclassifications have no impact on the 2009 excess (deficiency) of revenues over expenses previously reported.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

Contributed services

The organization would not be able to carry out its activities without the services of many volunteers who contribute a considerable amount of their time and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

Statement of cash flows

A statement of cash flows has not been presented as it would not provide additional meaningful information.

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Notes to Financial Statements

December 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The organization follows the deferral method of accounting for contributions, which include donations, fundraising and government grants.

Unrestricted contributions are recognized as revenues in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions received for programs and expenses of the current period are recognized as revenues in the year received. Restricted contributions received for programs and expenses of future years are recognized initially as deferred revenues on the statement of financial position in the year received and then recognized as revenues in the year in which the related program takes place and expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments, and are reported at fair value.

Cash consists of cash on hand and bank deposits residing in interest and non-interest-bearing accounts at major Canadian financial institutions.

Short-term investments at December 31, 2010 consist of term deposits and guaranteed investment certificates issued by major Canadian financial institutions with an initial term to maturity of six months, and an interest rate of 1.15%.

Financial instruments

The organization classifies its cash and cash equivalents as financial assets held for trading; accounts receivable are classified as loans and receivables; and, accounts payable and accrued liabilities are classified as other liabilities. Financial instruments classified as held for trading are reported at fair value at the balance sheet date, and any change in fair value is recognized in the statement of revenues and expenses in the period in which the change occurs. Financial instruments classified as loans and receivables and other liabilities are carried at amortized cost using the effective interest method.

The carrying value of the organization's accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the relatively short term to maturity of those instruments.

The organization does not have significant credit risk in respect to its accounts receivable, and has no currency risk. The organization manages its cash and cash equivalents based on its cash flow needs and with a view to optimizing its interest income.

3. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors of the organization has internally restricted net assets in the amount of \$50,000 as a general contingency to protect against the possibility of a serious disruption in operations or reduction in funding.

Cash and cash equivalents include amounts to support these internally restricted amounts.

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Notes to Financial Statements

December 31, 2010

4. DEFERRED CONTRIBUTIONS

Deferred contributions at December 31 are as follows:

	2010	2009
Contributions for future programs and expenses	\$ 40,646	\$ 27,576
Unspent proceeds from gaming activities:		
Bingo	7,201	7,216
Provincial Nevada	<u>12,087</u>	<u>17,932</u>
	<u>\$ 59,934</u>	<u>\$ 52,724</u>

Cash and cash equivalents include balances held in separate bank accounts for unspent Bingo and Provincial Nevada proceeds.

5. RELATED PARTY TRANSACTIONS

During the year, the organization received from TCOR assessment fees of \$ 24,000 (2009 - \$ 24,000) and rent for its share of premises of \$ 35,312 (2009 - \$ 26,423). Assessment fees are classified as revenues, and rent for premises is recorded as a reduction of occupancy costs in the Statement of Operations and Changes in Net Assets.

6. PREMISES LEASE COMMITMENT

The organization is committed under operating leases for premises requiring minimum annual payments (exclusive of requirements to pay its proportionate share of realty taxes, utilities and maintenance costs) for each of the years ended December 31 as follows:

2011	\$ 26,313
2011	26,511
2012	28,418
2013	30,320
2014	32,225

In addition to the minimum base rent above, the organization pays its proportionate share of realty taxes, utilities and maintenance costs of approximately \$53,000 annually.

The organization shares the premises with TCOR and the Canadian Hemophilia Society and receives contributions from them for their proportionate share of lease costs. As the organization is the legal tenant of the premises, the lease commitment figures noted above are the total minimum rental payments, before recovery of amounts from shared tenants.