

HEMOPHILIA ONTARIO

Financial Statements

December 31, 2015

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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, 2015 and the statements of operations and changes in net assets 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 in our audit 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, 2015 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
April 14, 2016

Hogg, Shain & Scheck P.C.
Chartered Professional Accountants
Licensed Public Accountants

HEMOPHILIA ONTARIO

Statement of Financial Position

As at December 31, 2015

	2015	2014
ASSETS		
Current:		
Cash and cash equivalents (Notes 3 and 5)	\$ 881,414	\$ 841,782
Accounts receivable	60,275	68,369
Prepaid expenses and other assets	<u>18,878</u>	<u>22,278</u>
	<u>\$ 960,567</u>	<u>\$ 932,429</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	\$ 45,593	\$ 64,906
Deferred contributions (Note 4)	<u>166,389</u>	<u>135,609</u>
	<u>211,982</u>	<u>200,515</u>
NET ASSETS		
Internally restricted (Note 5)	50,000	50,000
Unrestricted	<u>698,585</u>	<u>681,914</u>
	<u>748,585</u>	<u>731,914</u>
	<u>\$ 960,567</u>	<u>\$ 932,429</u>

Approved on behalf of the Board of Directors:

Director

Director

See accompanying Notes to Financial Statements

HEMOPHILIA ONTARIO

Statement of Operations and Changes in Net Assets

Year ended December 31, 2015

	General Program	AIDS Bureau Program	City of Toronto	2015 Total	2014 Total
REVENUES					
Grants:					
Ontario	\$ -	\$ 379,690	\$ -	\$ 379,690	\$ 408,593
Municipal	-		25,925	25,925	25,390
Programs and events	211,245			211,245	226,481
Donations:					
Federated Health Charities	68,250			68,250	77,190
Individuals and bequests	54,518			54,518	120,365
Other contributions	28,051			28,051	53,635
Fundraising and gaming activities:					
CHS national revenue sharing	55,780			55,780	55,416
Bingo and Provincial Nevada	41,560			41,560	50,050
Interest	4,925			4,925	6,631
Municipal property tax rebate	3,371			3,371	3,464
Other	2,817			2,817	1,040
	<u>470,517</u>	<u>379,690</u>	<u>25,925</u>	<u>876,132</u>	<u>1,028,255</u>
EXPENSES					
Staffing costs	54,250	302,259		356,508	434,200
Programs	260,428	11,575	25,925	297,928	305,622
Office supplies and expenses	29,637	23,891		53,528	62,149
Building occupancy	60,115	25,250		85,365	81,335
Staff and volunteer development	19,785	1,000		20,785	24,738
Travel	6,027	8,439		14,465	14,196
Insurance	8,713	4,904		13,617	13,378
Professional fees	7,474	2,373		9,847	9,493
Board and committee meetings	7,418	-		7,418	6,609
	<u>453,846</u>	<u>379,690</u>	<u>25,925</u>	<u>859,461</u>	<u>951,720</u>
EXCESS OF REVENUES OVER EXPENSES					
	16,671	-	-	16,671	76,535
NET ASSETS, beginning of year					
	<u>731,914</u>	<u>-</u>	<u>-</u>	<u>731,914</u>	<u>655,379</u>
NET ASSETS, end of year					
	<u>\$ 748,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,585</u>	<u>\$ 731,914</u>

See accompanying Notes to Financial Statements

HEMOPHILIA ONTARIO

Statement of Cash Flows

Year ended December 31, 2015

	2015	2014
Cash generated (used in)		
OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 16,671	\$ 76,535
Impact on cash of changes in non-cash working capital items:		
Accounts receivable	8,094	(5,994)
Prepaid expenses and other assets	3,400	(5,861)
Accounts payable and accrued liabilities	(19,313)	35,952
Deferred contributions	<u>30,780</u>	<u>(15,036)</u>
	<u>39,632</u>	<u>85,596</u>
INCREASE (DECREASE) IN CASH	39,632	85,596
CASH AND CASH EQUIVALENTS, beginning of year	<u>841,782</u>	<u>756,186</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 881,414</u>	<u>\$ 841,782</u>

See accompanying Notes to Financial Statements

HEMOPHILIA ONTARIO

Notes to Financial Statements

December 31, 2015

1. NATURE AND PURPOSE OF THE ORGANIZATION

Hemophilia Ontario was incorporated without share capital by Letters Patent under the Corporations Act of Ontario as a not-for-profit organization in 1988. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are the representation of management and were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies.

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.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

Capital asset expenditures

The organization has adopted a policy of expensing individual capital asset purchases of \$5,000 or less. Individual expenditures in excess of \$5,000 are capitalized and amortized over the useful life of the asset.

In 2015, the organization acquired computer equipment and related hardware for each of its regional branches. Total expenditures for this equipment was \$3,723 (2014 - \$ 6,748). In accordance with the organization's accounting policy, these purchases have been expensed and are classified in the statement of operations and changes in net assets as office supplies and expenses.

HEMOPHILIA ONTARIO

Notes to Financial Statements

December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. For accounting purposes, contributed services are not recognized in these financial statements.

3. FINANCIAL INSTRUMENTS

Cash and cash equivalents comprise cash and short-term investments. Cash balances are sufficient to provide for accounts payable as they come due.

Cash consists of cash on hand and bank deposits residing in interest and non-interest-bearing accounts at major Canadian financial institutions. The interest-bearing account has a balance of \$728,670 at a floating interest rate, which was 0.50% at December 31, 2015.

Short-term investments at December 31, 2015 consist of a cashable guaranteed investment certificate of \$20,123, issued by a major Canadian financial institution, with a maturity date of March 11, 2016 and an interest rate of .55%.

Accounts receivable consists principally of GST/HST rebates recoverable and the 4th quarter proceeds from CHS national revenue sharing.

The fair value of the organization's financial instruments approximates their carrying value due to the immediate or short term maturity of these instruments.

It is management's opinion that the organization is not subject to significant interest rate, credit or liquidity risk on its financial instruments.

4. DEFERRED CONTRIBUTIONS

Deferred contributions are as follows:

	2015	2014
Contributions for future programs and expenses	\$ 72,244	\$ 50,415
Ontario Ministry of Health and Long-Term Care - AIDS Bureau	30,902	35,200
Unspent proceeds from gaming activities:		
Bingo	32,396	29,466
Provincial Nevada	<u>30,847</u>	<u>20,528</u>
	<u>\$ 166,389</u>	<u>\$ 135,609</u>

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

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Notes to Financial Statements

December 31, 2015

5. 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.

6. MINISTRY OF HEALTH AND LONG-TERM CARE

In June 2015, the Ministry of Health and Long-Term Care ("MOH") notified Hemophilia Ontario of reductions in annualized base funding, starting with the MOH funding year ending March 31, 2016, due to a reduction of program costs.

As a result of this permanent reduction, the maximum funding available from MOH are \$343,000 for the 2015/2016 funding year; \$285,560 for the 2016/2017 funding year; and \$189,430 for the 2017/2018 and subsequent years.