

HEMOPHILIA ONTARIO
Financial Statements
December 31, 2019

HEMOPHILIA ONTARIO
Index to Financial Statements
Year Ended December 31, 2019

| | Page |
|-------------------------------------|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Changes in Net Assets | 4 |
| Statement of Operations | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 10 |

INDEPENDENT AUDITOR'S REPORT

To the Members of Hemophilia Ontario

Opinion

We have audited the financial statements of Hemophilia Ontario (the "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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.

Basis for Opinion

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

Auditor's 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 auditor's 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.

(continues)

Independent Auditor's Report to the Members of Hemophilia Ontario *(continued)*

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 entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the entity 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.

Hogg, Shain and Scheck PC


Toronto, Ontario
May 21, 2020


Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

HEMOPHILIA ONTARIO
Statement of Financial Position
As at December 31, 2019

| | 2019 | 2018 |
|--|---------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (Notes 5 and 6) | \$ 550,849 | \$ 680,562 |
| Accounts receivable | 1,668 | 16,738 |
| Harmonized Sales Tax recoverable | 30,649 | 29,589 |
| Prepaid expenses and other assets | 41,289 | 26,944 |
| | 624,455 | 753,833 |
| INVESTMENTS (Notes 4 and 6) | 660,479 | 20,123 |
| | \$ 1,284,934 | \$ 773,956 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 31,700 | \$ 18,242 |
| Deferred contributions (Note 5) | 85,200 | 81,261 |
| | 116,900 | 99,503 |
| NET ASSETS | | |
| UNRESTRICTED | 68,034 | 624,453 |
| INTERNALLY RESTRICTED (Note 6) | 1,100,000 | 50,000 |
| | 1,168,034 | 674,453 |
| | \$ 1,284,934 | \$ 773,956 |
| COMMITMENT (Note 8) | | |
| SUBSEQUENT EVENTS (Note 11) | | |

APPROVED ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See the accompanying notes to these financial statements

HEMOPHILIA ONTARIO
Statement of Changes in Net Assets
Year Ended December 31, 2019

| | Internally Restricted | Unrestricted | 2019 | 2018 |
|--|--------------------------|------------------|---------------------|-------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 50,000 | \$ 624,453 | \$ 674,453 | \$ 735,260 |
| Excess (deficiency) of revenues over expenses | - | 493,581 | 493,581 | (60,807) |
| Inter-fund transfer <i>(Note 6)</i> | 1,050,000 | (1,050,000) | - | - |
| NET ASSETS - END OF YEAR | \$ 1,100,000 | \$ 68,034 | \$ 1,168,034 | \$ 674,453 |

See the accompanying notes to these financial statements

HEMOPHILIA ONTARIO
Statement of Operations
Year Ended December 31, 2019

| | Hemophilia Programs 2019 | AIDS Bureau Program 2019 | City of Toronto 2019 | Total 2019 | Total 2018 |
|--|--------------------------------|--------------------------------|-------------------------|-----------------------|--------------------|
| REVENUES | | | | | |
| Grants: | | | | | |
| Federal | \$ 8,732 | \$ - | \$ - | \$ 8,732 | \$ - |
| Ontario | - | 204,730 | - | 204,730 | 260,233 |
| Municipal | - | - | 28,200 | 28,200 | 27,595 |
| Programs and events | 116,912 | - | - | 116,912 | 150,671 |
| Donations: | | | | | |
| Individuals and bequests | 755,173 | - | - | 755,173 | 32,731 |
| Federal Health Charities | 57,932 | - | - | 57,932 | 63,169 |
| Other contributions | 33,389 | - | - | 33,389 | 39,165 |
| Fundraising and gaming activities: | | | | | |
| Bingo and Provincial Nevada | 34,612 | - | - | 34,612 | 53,666 |
| Dividend and interest <i>(Note 7)</i> | 14,045 | - | - | 14,045 | 5,524 |
| | <u>1,020,795</u> | <u>204,730</u> | <u>28,200</u> | <u>1,253,725</u> | <u>632,754</u> |
| EXPENSES | | | | | |
| Staffing costs <i>(Note 9)</i> | 142,302 | 167,689 | - | 309,991 | 253,133 |
| Program supplies and services <i>(Note 9)</i> | 256,973 | 13,000 | 28,200 | 298,173 | 324,297 |
| Office supplies and expenses | 35,607 | 10,000 | - | 45,607 | 39,048 |
| Travel | 26,534 | - | - | 26,534 | 17,109 |
| Building occupancy | 15,709 | 2,500 | - | 18,209 | 20,258 |
| Board and committee meetings | 13,370 | - | - | 13,370 | 14,432 |
| Insurance | 4,424 | 6,841 | - | 11,265 | 11,440 |
| Professional fees | 3,615 | 4,700 | - | 8,315 | 9,492 |
| Staff and volunteer development | 8,475 | - | - | 8,475 | 4,352 |
| | <u>507,009</u> | <u>204,730</u> | <u>28,200</u> | <u>739,939</u> | <u>693,561</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS | 513,786 | - | - | 513,786 | (60,807) |
| OTHER INCOME (LOSS) | | | | | |
| Other investment loss <i>(Note 7)</i> | (20,205) | - | - | (20,205) | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ 493,581</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 493,581</u> | <u>\$ (60,807)</u> |

See the accompanying notes to these financial statements

HEMOPHILIA ONTARIO
Statement of Cash Flows
Year Ended December 31, 2019

| | 2019 | 2018 |
|--|--------------------------|--------------------------|
| OPERATING ACTIVITIES | | |
| Excess (deficiency) of revenues over expenses | \$ 493,581 | \$ (60,807) |
| Changes in non-cash working capital items: | | |
| Accounts receivable | 15,070 | (1,345) |
| Harmonized Sales Tax recoverable | (1,060) | (8,346) |
| Prepaid expenses and other assets | (14,345) | (8,010) |
| Accounts payable and accrued liabilities | 13,458 | (5,553) |
| Deferred contributions | 3,939 | (40,863) |
| | <u>17,062</u> | <u>(64,117)</u> |
| Cash flows from (used by) operating activities | <u>510,643</u> | <u>(124,924)</u> |
| INVESTING ACTIVITY | | |
| Purchase of investments | <u>(640,356)</u> | - |
| DECREASE IN CASH | (129,713) | (124,924) |
| CASH - BEGINNING OF YEAR | <u>680,562</u> | <u>805,486</u> |
| CASH - END OF YEAR | <u>\$ 550,849</u> | <u>\$ 680,562</u> |

See the accompanying notes to these financial statements

HEMOPHILIA ONTARIO
Notes to Financial Statements
Year Ended December 31, 2019

1. NATURE AND PURPOSE OF THE ORGANIZATION

Hemophilia Ontario (the "Organization") 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 a cure. Towards those ends, the Organization is committed to provide and support programs of research for consumer, public and professional education; and consumer, family and community services.

The Organization is exempt from income tax in Canada as a registered charity under subsection 149(l) of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Unrestricted contributions, including donations and fundraising and gaming activities, are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions, including grants, are recognized as revenues in the year in which the related activities are carried out and expenses are incurred.

Program and events revenues are recognized when the related activity takes place.

Investment income is recognized as revenue when earned. Investment income includes realized and unrealized gains and losses, dividends, and interest income.

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, investments 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 2019, the Organization acquired computer equipment and related hardware for each of its regional branches. Total expenditures for this equipment was \$1,080 (2018 - \$4,008). 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.

Allocation of expenses

The Organization operates programs to improve the quality of life and health for all affected with bleeding disorders. The cost of programs includes certain salaries that are directly related to providing the program services.

(continues)

HEMOPHILIA ONTARIO
Notes to Financial Statements
Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Measurement uncertainty

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 amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the year they become known. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. It is management's opinion that the Organization is not exposed to significant interest rate, currency, liquidity or credit risks or any significant concentrations of risk arising from its financial instruments.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk with respect to its investments. The Organization uses professional, independent advisors to monitor its investment portfolio.

4. INVESTMENTS

| | 2019 | 2018 |
|-----------------------------------|------------|-----------|
| Canadian equities | \$ 366,116 | \$ - |
| Cash and cash equivalents | 273,608 | - |
| Guaranteed Investment Certificate | 20,755 | 20,123 |
| | \$ 660,479 | \$ 20,123 |

The Guaranteed Investment Certificate at December 31, 2019 earns interest at 1.2% and matures on January 15, 2020.

5. DEFERRED CONTRIBUTIONS

Deferred contributions are as follows:

| | 2019 | 2018 |
|--|-----------|-----------|
| Contributions for future programs and expenses | \$ 43,073 | \$ 45,073 |
| Unspent proceeds from gaming activities: | | |
| Provincial Nevada | 30,117 | 17,814 |
| Bingo | 12,010 | 18,374 |
| | \$ 85,200 | \$ 81,261 |

Cash includes balances held in separate bank accounts for unspent Bingo and Provincial Nevada proceeds.

HEMOPHILIA ONTARIO
Notes to Financial Statements
Year Ended December 31, 2019

6. INTERNALLY RESTRICTED NET ASSETS

During the year, the Board of Directors collapsed the previous internally restricted net assets of \$50,000 into the unrestricted net assets. The Board then proceeded to approve a transfer of \$1,100,000 to a new internally restricted net assets. This internally restricted net assets has been setup with the following purposes:

- Operational reserve;
- Develop a revenue stream through investments to support operations;
- Maintain programming and services in the event of future reductions in revenue; and
- Support future programs, services, education and advocacy which are not funded by revenue from other sources.

Cash and investments include amounts to support these internally restricted amounts.

7. INVESTMENT INCOME (LOSS)

| | 2019 | 2018 |
|------------------------------------|-------------|----------|
| Interest income | \$ 7,283 | \$ 5,524 |
| Dividend income | 6,762 | - |
| Total dividend and interest income | \$ 14,045 | \$ 5,524 |
| Realized gains | \$ 3,233 | \$ - |
| Unrealized losses | (23,438) | - |
| Total other investment loss | \$ (20,205) | \$ - |

8. COMMITMENT

The Organization leases a premise under a long term lease that expires on January 31, 2020. Under the lease, the Organization is required to pay \$847 a month. In addition to the above base rent, the Organization must pay for its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises.

| | |
|------|-----------|
| 2020 | \$ 10,869 |
| 2021 | 10,164 |
| 2022 | 847 |
| | \$ 21,880 |

9. ALLOCATION OF EXPENSES

Program expenses reported in the Statement of Operations include allocations of human resource costs of \$95,032 (2018 - \$103,294).

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

HEMOPHILIA ONTARIO
Notes to Financial Statements
Year Ended December 31, 2019

11. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID19) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Organization in future periods. The Organization continues to closely monitor and assess the impact on operations.
