

Financial Statements of

**HUNTINGTON SOCIETY  
OF CANADA**

Year ended June 30, 2010



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## AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of the Huntington Society of Canada as at June 30, 2010 and the statements of operations, fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Huntington Society of Canada derives revenue from donations and chapter and volunteer fundraising activities, the completeness of which is not susceptible to 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 donation revenue and chapter and volunteer fundraising activities, excess of revenue over expenditures and assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donation revenue and chapter and volunteer fundraising activities referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Huntington Society of Canada as at June 30, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Waterloo, Canada  
August 30, 2010

# HUNTINGTON SOCIETY OF CANADA

## Statement of Financial Position

June 30, 2010 with comparative figures for 2009

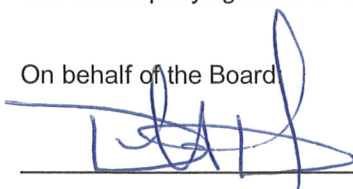
	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 345,090	\$ 234,379
Investments (note 3)	3,380,513	3,291,712
Accounts receivable	194,904	131,459
Inventory	4,898	573
Accrued interest receivable	26	18
Prepaid expenses	58,269	66,766
	3,983,700	3,724,907
Equipment and leasehold improvements (note 4)	27,012	46,958
	\$ 4,010,712	\$ 3,771,865

## Liabilities and Fund Balances


Liabilities:		
Accounts payable and accrued liabilities	\$ 417,600	\$ 371,574
Deferred contributions (note 5)	695,645	371,685
	1,113,245	743,259
Net assets:		
General Fund	713,807	693,422
Invested in Capital Assets	27,012	46,958
Endowment Fund	1,476,720	1,429,866
Ralph Walker Research Fund	508,762	650,116
Laura's Hope Fund	171,166	208,244
	2,897,467	3,028,606
Commitments (note 6)		
	\$ 4,010,712	\$ 3,771,865

See accompanying notes to financial statements.

On behalf of the Board



Director



Director

# HUNTINGTON SOCIETY OF CANADA

## Statement of Operations

Year ended June 30, 2010, with comparative figures for 2009

	General Fund	Capital Fund	Endowment Fund	Ralph Walker Research Fund	Laura's Hope Fund	Total 2010	Total 2009
<b>Revenue:</b>							
Donations:							
Individuals	\$ 596,656	\$ -	\$ 10,150	\$ 332,635	\$ 19,335	\$ 958,776	\$ 1,220,457
Corporate	120,434	-	-	57,428	3,236	181,098	270,855
Groups	25,580	-	-	-	-	25,580	10,703
Bequests	38,636	-	-	9,600	-	48,236	223,439
Honour/Memorial	86,269	-	3,905	7,300	-	97,474	97,293
Government grants	46,828	-	-	-	-	46,828	42,569
Foundation grants	548,573	-	-	489,385	-	1,037,958	673,556
Chapter and volunteer fundraising activities (note 7)	894,620	-	8,350	-	-	902,970	953,218
Investment and interest income (note 8)	56,352	-	-	12,367	351	69,070	133,836
Loss on sale of investments	(22,944)	-	-	(2,487)	-	(25,431)	(34,495)
Gain on sale of equipment	-	-	-	-	-	-	153
	2,391,004	-	22,405	906,228	22,922	3,342,559	3,591,584
<b>Expenditures:</b>							
Research	147,482	-	-	1,040,449	60,000	1,247,931	1,260,123
Individual and family services	857,070	-	-	-	-	857,070	934,544
Education and public awareness	413,614	-	-	-	-	413,614	433,093
Volunteer development	208,152	-	-	-	-	208,152	200,043
Meetings and workshops	118,247	-	-	-	-	118,247	114,022
Governance and accountability costs (note 9)	197,036	-	-	-	-	197,036	160,176
Fundraising	296,120	-	-	-	-	296,120	351,601
Administration	151,739	-	-	-	-	151,739	112,520
Amortization	-	32,903	-	-	-	32,903	36,479
	2,389,460	32,903	-	1,040,449	60,000	3,522,812	3,602,601
<b>Excess of revenue over expenditures (expenditures over revenue)</b>	\$ 1,544	\$ (32,903)	\$ 22,405	\$ (134,221)	\$ (37,078)	\$ (180,253)	\$ (11,017)

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Statement of Changes in Fund Balances

Year ended June 30, 2010, with comparative figures for 2009

	General Fund	Capital Fund	Endowment Fund	Ralph Walker Research Fund	Laura's Hope Fund	Total 2010	Total 2009
Fund balances, beginning of year:							
As previously reported	\$ 693,422	\$ 46,958	\$ 1,429,866	\$ 650,116	\$ 208,244	\$ 3,028,606	\$ 3,100,087
Change in accounting policy (note 2)	-	-	-	-	-	-	(3,986)
	693,422	46,958	1,429,866	650,116	208,244	3,028,606	3,096,101
Excess of revenue over expenditures (expenditures over revenue)	1,544	(32,903)	22,405	(134,221)	(37,078)	(180,253)	(11,017)
Unrealized gain (loss) on investment classified as available-for-sale (note 3)	31,798	-	24,449	(7,133)	-	49,114	(56,478)
Interfund transfers (note 10)	(12,957)	12,957	-	-	-	-	-
Fund balances, end of year	\$ 713,807	\$ 27,012	\$ 1,476,720	\$ 508,762	\$ 171,166	\$ 2,897,467	\$ 3,028,606

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Statement of Cash Flows

Year ended June 30, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (applied to):		
Operations:		
Excess of expenditures over revenue	\$ (180,253)	\$ (11,017)
Items not involving cash:		
Amortization of equipment and leasehold improvements	32,903	36,479
Gain on sale of equipment	-	(153)
Loss on sale of investments	25,430	34,495
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(63,445)	(29,098)
Pledge receivable	-	76,813
Inventory	(4,325)	(573)
Accrued interest receivable	(8)	885
Prepaid expenses	8,497	(7,277)
Accounts payable and accrued liabilities	46,026	241,032
Deferred contributions	323,960	(602,592)
	188,785	(261,006)
Investments:		
Purchase of equipment and leasehold improvements	(12,957)	(23,211)
Sale (purchase) of investments, net	(65,117)	26,048
Proceeds on sale of equipment	-	153
	(78,074)	2,990
Increase (decrease) in cash	110,711	(258,016)
Cash, beginning of year	234,379	492,395
Cash, end of year	\$ 345,090	\$ 234,379
Supplemental cash flow information:		
Cash received for interest income	\$ 69,069	\$ 134,722

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Notes to Financial Statements

Year ended June 30, 2010

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The Huntington Society of Canada (the "Society") is incorporated under the laws of Canada. The Society is a national network of volunteers and professionals working together to find new treatments and, ultimately, a cure for Huntington disease, and to improve the quality of life of individuals with Huntington disease and their families.

### 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

#### (a) Fund accounting:

The financial statements of the Society are maintained on an accrual basis in accordance with the principles of fund accounting. Accordingly, all financial transactions have been recorded in five funds: General Fund, Capital Fund, Endowment Fund, Ralph Walker Research Fund and Laura's Hope Fund. The statement of financial position reports the assets, liabilities and net assets of all five funds combined.

- (i) The General Fund is an unrestricted fund used at the direction of the Board of Directors to fulfill the mission of the Society in all areas including services, research, education and administration. All undesignated donations are allocated to this fund.
- (ii) The Capital Fund accounts for funds related to the acquisition, amortization and disposal of capital assets and fundraising activities related to capital assets.
- (iii) The Endowment Fund is restricted and accounts for donations received which the donor has designated specifically for endowment purposes. In exceptional circumstances, and subject to approval of two-thirds of the Board of Directors of the Huntington Society, funds may be transferred from the capital of the Endowment Fund to the General Fund to finance special projects or unbudgeted annual deficits. Annual interest earned on the Endowment Fund will be used to fund operational expenditures.
- (iv) The Ralph Walker Research Fund is a restricted fund established in 1983 to commemorate the 10<sup>th</sup> anniversary of the Huntington Society of Canada and to pay tribute to the Society's founder, Ralph Walker. Revenues specifically designated by donors to the Ralph Walker Research Fund have been restricted for research, along with any related expenses.
- (v) The Laura's Hope Fund is an externally restricted fund established in 2003 in honour of Laura Evans, by her parents. The purpose of this fund is to support pre-clinical and/or clinical research towards developing a treatment or a cure for Huntington Disease. Revenues specifically designated by donors to the Laura's Hope Fund have been restricted for pre-clinical and/or clinical research.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 2

Year ended June 30, 2010

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

Restricted contributions, other than endowment contributions, are recognized as revenue of the appropriate fund in the year in which the related expenditures are incurred. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the capital assets. Unrestricted contributions, and contributions for the Ralph Walker Research Fund, Laura's Hope Fund and from chapters and area representatives, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledge receivable is stated at net realizable value when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions represent the unamortized and unspent amount of donations and grants received for the purchase of capital assets and/or services. The amortization of deferred contributions is recorded as revenue in the statement of operations and changes in fund balances.

Endowment contributions are recognized as revenue resulting in an increase in net assets of the Endowment Fund.

### (c) Inventory:

Inventory is stated at the lower of cost and net realizable value.

### (d) Donated materials and services:

Donated materials and services, which would otherwise be paid by the Society, are recorded at fair value when determinable. A substantial number of volunteers have made significant contributions of their time to the Society's program and support services. The value of this contributed time is not reflected in these statements.

### (e) Investments:

Investments are recorded at fair value.



# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 3

Year ended June 30, 2010

## 1. Significant accounting policies (continued):

### (f) Equipment and leasehold improvements:

Purchased equipment and leasehold improvements are capitalized and stated at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate/ Period
Office furniture and equipment	Declining balance	12%
Computer equipment and software	Straight-line	over 3 years
Leasehold improvements	Straight-line	over lease term

### (g) Impairment of long-lived assets:

Long-lived assets, including equipment, are amortized over their useful lives. The Society periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Society reviews, for impairment, long-lived assets (or asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

### (h) Tax status:

The Society is a Charitable Organization under the Income Tax Act and, as such, is exempt from income taxes.

### (i) Use of estimates:

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 and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, equipment and leasehold improvements and accrued liabilities.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 4

Year ended June 30, 2010

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## 1. Significant accounting policies (continued):

### (j) Financial instruments:

The Society has adopted the following classifications for financial assets and financial liabilities:

- Cash is classified as held-for-trading.
- Accounts receivable and accrued interest receivable are classified as loans and receivables.
- Investments are classified as available-for-sale.
- Accounts payable and accrued liabilities are classified as other liabilities.

Financial assets and liabilities classified as held-for-trading are measured at fair value with the change in fair value recorded in the statement of operations. The fair value of financial instruments is defined as market value. Financial assets classified as loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized cost using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with the change in fair value recorded in changes in fund balances. Such gains or losses are reclassified to the statement of operations when the related financial asset is disposed of or when the decline in value is considered to be other-than-temporary.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate, currency or credit risk arising from its financial instruments.

## 2. Change in accounting policies:

Effective July 1, 2009, the Society adopted the Canadian Institute of Chartered Accountants' ("CICA") amendments to Section 1000 of the Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching the revenue and expense items. The Society has retroactively adopted the recommendations and, therefore, the 2009 comparative figures have been restated. The impact of the implementation of these standards on the Society's financial statements is a decrease of amounts previously reported at June 30, 2009 for prepaid expenses of \$12,463, a decrease in net assets at July 1, 2008 of \$3,986 and a decrease in chapter and volunteer fundraising activities for 2009 of \$8,477.

The CICA has issued a new standard, Section 4470, "Disclosure" of allocated expenses by not-for-profit organizations. This Section establishes disclosure standards for those organizations that choose to classify their expenses by function and allocate expenses from one function to another. These requirements are effective for fiscal years beginning on or after January 1, 2010.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 5

Year ended June 30, 2010

## 3. Investments:

Investments of the General Fund, the Ralph Walker Research Fund, Laura's Hope Fund and the Endowment Fund are combined and consist of the following:

Investments by Type	2010		2009	
	Fair value	Book value	Fair value	Book value
Treasury bills and GIC's	\$ 235,366	\$ 235,366	\$ 195,023	\$ 195,023
Equity and mutual fund investments	3,145,147	3,283,100	3,096,689	3,283,758
<b>Total</b>	<b>\$ 3,380,513</b>	<b>\$ 3,518,466</b>	<b>\$ 3,291,712</b>	<b>\$ 3,478,781</b>

Investments by Fund	2010		2009	
	Fair value	Book value	Fair value	Book value
General Fund	\$ 1,159,663	\$ 1,210,529	\$ 1,435,834	\$ 1,518,497
Endowment Fund	1,476,721	1,541,493	1,419,312	1,508,533
Ralph Walker Research Fund	508,763	531,078	241,543	256,728
Laura's Hope Fund	235,366	235,366	195,023	195,023
<b>Total</b>	<b>\$ 3,380,513</b>	<b>\$ 3,518,466</b>	<b>\$ 3,291,712</b>	<b>\$ 3,478,781</b>

## 4. Equipment and leasehold improvements:

	Cost	Accumulated amortization	2010	2009
			Net book value	Net book value
Computer equipment and software	\$ 158,228	\$ 132,391	\$ 25,837	\$ 43,458
Office furniture and equipment	15,174	13,999	1,175	1,325
Leasehold improvements	4,040	4,040	-	2,175
<b>Total</b>	<b>\$ 177,442</b>	<b>\$ 150,430</b>	<b>\$ 27,012</b>	<b>\$ 46,958</b>

Amortization for the year was \$32,903 (2009 - \$36,479).

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 7

Year ended June 30, 2010

## 5. Deferred contributions:

	2010	2009
Balance, beginning of year	\$ 371,685	\$ 974,277
Add contributions received	1,073,564	609,110
Less contributions recognized as revenue	(749,604)	(1,211,702)
Balance, end of year	\$ 695,645	\$ 371,685
Comprised of:		
Government Agency	\$ -	\$ 84,675
Deferred contributions (Individuals, Corporations and Foundations)	695,645	287,010
	\$ 695,645	\$ 371,685

## 6. Commitments:

### (a) Lease commitments:

The Society is committed to the following payments under long-term operating leases and service contracts for the next four years:

2011	\$ 70,607
2012	66,315
2013	45,089
2014	7,161
Total	\$ 189,172

### (b) Research commitments:

The Society is committed to the following payments over the next three years:

2011	\$ 225,525
2012	82,000
2013	8,750
Total	\$ 316,275

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 8

Year ended June 30, 2010

## 7. Chapter and volunteer fundraising activities:

Chapter and volunteer fundraising activities are shown net on the statement of operations. Net revenue consists of the following:

	Chapter and Volunteer Activities	Nevada	Total Chapter and Volunteer Activities 2010	2009
Gross revenue	\$ 1,115,281	\$ 244,255	\$ 1,359,536	\$ 1,420,078
Expenditures	281,307	175,259	456,566	466,860
Total	\$ 833,974	\$ 68,996	\$ 902,970	\$ 953,218

Chapter and volunteer activities gross revenue and expenditures include fair values for donated materials totaling \$25,750 (2009 - \$32,128).

The Ontario Nevada break-open ticket program is one component of the volunteer fundraising activities. Approximately 20% of total Nevada expenses are the cost of the tickets. Of the remaining expenses, 75% represents provincially legislated fees and retailer fees.

Nevada expenditures have been reduced by one-half of the GST. The Society is reimbursed by the government in the form of a GST rebate.

## 8. Investment and interest income:

The original amount in the Endowment Fund was established from a grant given by the Trillium Foundation to the Society; the income from this fund is to be used for general operations and, is therefore reported in the General Fund. An additional \$10,000 donation was received from another source in 2009 and \$14,055 in 2010.

Investment and interest income includes income earned on investments held for endowment, which is reported in the following funds:

	General Fund	Ralph Walker Research Fund	Laura's Hope Fund	2010	2009
Investment and interest earned on:					
Endowment Fund investments	\$ 35,125	\$ -	\$ -	\$ 35,125	\$ 58,440
Other investments	21,227	12,367	351	33,945	75,396
Total	\$ 56,352	\$ 12,367	\$ 351	\$ 69,070	\$ 133,836

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 9

Year ended June 30, 2010

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## 9. Governance and accountability costs:

The Society has made the decision to report separately in these financial statements on governance and accountability expenditures, such as, annual audit, meetings of the Board of Directors and other similar costs. These are expenditures that must be incurred to operate as a charity to maintain compliance with by-laws and other legal requirements, and to meet all responsibilities to stakeholders, donors, and regulators.

## 10. Interfund transfers:

Transfers are made from the Operating Fund to the Capital Fund in order to fund the cash outlays for capital asset acquisition.

## 11. Financial instruments:

### (i) Fair value of financial assets and financial liabilities:

The carrying value of cash, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities approximates their fair value because of the relatively short period to maturity of the instruments. Market value of investments is disclosed in note 3.

### (ii) Credit risk:

The maximum credit risk exposure for all the Society's financial assets is the carrying value of its assets.

## 12. Comparative figures:

Certain 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.