

Financial Statements of

**HUNTINGTON SOCIETY  
OF CANADA**

Year ended June 30, 2012



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Huntington Society of Canada

We have audited the accompanying financial statements of the Huntington Society of Canada, which comprise the statement of financial position as at June 30, 2012, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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 audit opinion.



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*Basis for Qualified Opinion*

In common with many charitable organizations, the Huntington Society of Canada derives revenue from donations, 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 entity and we were not able to determine whether any adjustments might be necessary to donation revenue, chapter and volunteer fundraising activities, excess of revenue over expenditures, 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 the Huntington Society of Canada as at June 30, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

September 21, 2012  
Waterloo, Canada

# HUNTINGTON SOCIETY OF CANADA

## Statement of Financial Position

June 30, 2012 with comparative figures for 2011

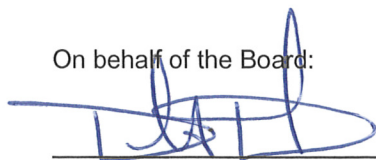
	2012	2011
<b>Assets</b>		
Current assets:		
Cash	\$ 148,842	\$ -
Investments (note 2)	2,551,859	3,319,373
Accounts receivable	180,132	358,682
Accrued interest receivable	2,331	3,008
Prepaid expenses	56,658	45,047
	<u>2,939,822</u>	<u>3,726,110</u>
Equipment (note 3)	28,762	37,656
	<u>\$ 2,968,584</u>	<u>\$ 3,763,766</u>

## Liabilities and Fund Balances

Liabilities:		
Bank indebtedness	\$ -	\$ 425,242
Accounts payable and accrued liabilities	130,523	109,357
Deferred contributions (note 4)	248,914	213,010
	<u>379,437</u>	<u>747,609</u>
Net assets:		
General Fund	731,073	762,388
Invested in Capital Assets	28,762	37,656
Endowment Fund	1,618,442	1,629,776
Ralph Walker Research Fund	142,558	409,443
Laura's Hope Fund	68,312	176,894
	<u>2,589,147</u>	<u>3,016,157</u>
Commitments (note 5)		
	<u>\$ 2,968,584</u>	<u>\$ 3,763,766</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# HUNTINGTON SOCIETY OF CANADA

## Statement of Operations

Year ended June 30, 2012, with comparative figures for 2011

	General Fund	Capital Fund	Endowment Fund	Ralph Walker Research Fund	Laura's Hope Fund	Total 2012	Total 2011
Revenue:							
Donations:							
Individuals	\$ 938,815	\$ -	\$ 13,650	\$ 65,411	\$ 2,798	\$ 1,020,674	\$ 1,078,006
Corporate	74,772	-	-	63,588	10,005	148,365	215,590
Groups	8,933	-	-	-	-	8,933	6,356
Bequests	16,464	-	-	37,500	-	53,964	27,000
Honour/Memorial	83,383	-	40	3,545	125	87,093	94,834
Government grants	19,912	-	-	-	-	19,912	19,522
Foundation grants	255,348	-	-	100,250	-	355,598	529,782
Chapter and volunteer fundraising activities (note 6)	1,041,670	-	7,895	6,806	-	1,056,371	1,113,997
Investment and interest income (note 7)	71,741	-	-	11,738	1,443	84,922	66,306
Gain on sale of investments	21,730	-	-	3,997	-	25,727	28,154
	2,532,768	-	21,585	292,835	14,371	2,861,559	3,179,547
Expenditures:							
Research	200,000	-	-	570,177	134,820	904,997	888,679
Individual and family services	937,520	-	-	-	-	937,520	942,276
Education and public awareness	472,358	-	-	-	-	472,358	483,257
Volunteer development	168,276	-	-	-	-	168,276	185,276
Meetings and workshops	52,590	-	-	-	-	52,590	106,110
Governance and accountability costs (note 8)	222,328	-	-	-	-	222,328	239,043
Fundraising	331,251	-	-	-	-	331,251	307,603
Administration	132,252	-	-	-	-	132,252	133,754
Amortization	-	16,316	-	-	-	16,316	20,116
	2,516,575	16,316	-	570,177	134,820	3,237,888	3,306,114
Excess of revenue over expenditures (expenditures over revenue)	\$ 16,193	\$ (16,316)	\$ 21,585	\$ (277,342)	\$ (120,449)	\$ (376,329)	\$ (126,567)

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Statement of Changes in Fund Balances

Year ended June 30, 2012, with comparative figures for 2011

	General Fund	Capital Fund	Endowment Fund	Ralph Walker Research Fund	Laura's Hope Fund	Total 2012	Total 2011
Fund balances, beginning of year	\$ 762,388	\$ 37,656	\$ 1,629,776	\$ 409,443	\$ 176,894	\$ 3,016,157	\$ 2,897,467
Excess of revenue over expenditures (expenditures over revenue)	16,193	(16,316)	21,585	(277,342)	(120,449)	(376,329)	(126,567)
Unrealized (loss) gain on investment classified as available-for-sale (note 2)	(15,458)	-	(34,240)	(983)	-	(50,681)	245,257
Interfund transfers (note 9)	(7,422)	7,422	-	-	-	-	-
Interfund transfers (note 9)	(24,628)	-	1,321	11,440	11,867	-	-
Fund balances, end of year	\$ 731,073	\$ 28,762	\$ 1,618,442	\$ 142,558	\$ 68,312	\$ 2,589,147	\$ 3,016,157

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Statement of Cash Flows

Year ended June 30, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (applied to):		
Operations:		
Excess of expenditures over revenue	\$ (376,329)	\$ (126,567)
Items not involving cash:		
Amortization of equipment	16,316	20,116
Gain on sale of investments	(25,727)	(28,154)
Loss on disposal of capital asset	446	-
Changes in non-cash operating assets and liabilities:		
Accounts receivable	178,550	(163,778)
Inventory	-	4,898
Accrued interest receivable	677	(2,982)
Prepaid expenses	(11,611)	13,222
Accounts payable and accrued liabilities	21,166	(308,243)
Deferred contributions	35,904	(482,635)
	(160,608)	(1,074,123)
Investments:		
Purchase of equipment	(7,868)	(30,760)
Sale of investments, net	742,560	334,551
	734,692	303,791
Increase (decrease) in cash	574,084	(770,332)
Cash (bank indebtedness), beginning of year	(425,242)	345,090
Cash (bank indebtedness), end of year	\$ 148,842	\$ (425,242)
Supplemental cash flow information:		
Cash received for interest income	\$ 85,599	\$ 63,325

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 1

Year ended June 30, 2012

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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 is 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.



# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 2

Year ended June 30, 2012

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

- (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.

### (b) Revenue recognition:

The Society follows the restricted fund method of accounting for contributions.

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. Restricted contributions, for which there is no separate fund, are recognized as revenue of the General Fund in the year in which the related expenditures are incurred.

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

Contributions for the Endowment Fund are recognized as revenue in the Endowment Fund. Investment income earned in the endowment fund is recognized as revenue in the Endowment Fund.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 3

Year ended June 30, 2012

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## 1. Significant accounting policies (continued):

### (c) 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.

### (d) Investments:

Investments are recorded at fair value.

### (e) Equipment:

Purchased equipment is 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

### (f) 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.

### (g) Tax status:

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

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 4

Year ended June 30, 2012

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## 1. Significant accounting policies (continued):

### (h) 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 accrued liabilities.

### (i) 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 unrealized gains or losses 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.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 5

Year ended June 30, 2012

## 2. Investments:

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

Investments by Type	2012		2011	
	Fair value	Book value	Fair value	Book value
Treasury bills and GIC's	\$ 882,841	\$ 882,841	\$ 914,453	\$ 914,453
Equity and mutual fund investments	1,669,018	1,612,395	2,404,920	2,297,617
<b>Total</b>	<b>\$ 2,551,859</b>	<b>\$ 2,495,236</b>	<b>\$ 3,319,373</b>	<b>\$ 3,212,070</b>

Investments by Fund	2012		2011	
	Fair value	Book value	Fair value	Book value
General Fund	\$ 999,777	\$ 982,507	\$ 1,257,474	\$ 1,224,746
Endowment Fund	1,310,439	1,272,184	1,807,614	1,735,120
Ralph Walker Research Fund	59,409	58,310	73,685	71,604
Laura's Hope Fund	182,234	182,235	180,600	180,600
<b>Total</b>	<b>\$ 2,551,859</b>	<b>\$ 2,495,236</b>	<b>\$ 3,319,373</b>	<b>\$ 3,212,070</b>

## 3. Equipment:

	Cost	Accumulated amortization	2012	2011
			Net book value	Net book value
Computer equipment and software	\$ 116,656	\$ 88,818	\$ 27,838	\$ 36,615
Office furniture and equipment	15,174	14,250	924	1,041
<b>Total</b>	<b>\$ 131,830</b>	<b>\$ 103,068</b>	<b>\$ 28,762</b>	<b>\$ 37,656</b>

Amortization for the year was \$16,315 (2011 - \$20,116).

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 6

Year ended June 30, 2012

## 4. Deferred contributions:

	2012	2011
Balance, beginning of year	\$ 213,010	\$ 695,645
Add contributions received	604,207	384,735
Less contributions recognized as revenue	(568,303)	(867,370)
Balance, end of year	\$ 248,914	\$ 213,010

## 5. 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:

2013	\$ 52,168
2014	31,082
2015	19,739
2016	17,149
Total	\$ 120,138

### (b) Research commitments:

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

2013	\$ 535,570
2014	159,500
2015	82,000
Total	\$ 777,070

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, page 7

Year ended June 30, 2012

## 6. 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	
			2012	2011
Gross revenue	\$ 1,366,760	\$ 241,337	\$ 1,608,097	\$ 1,602,945
Expenditures	\$ 377,283	\$ 174,443	\$ 551,726	\$ 488,948
Total	\$ 989,477	\$ 66,894	\$ 1,056,371	\$ 1,113,997

Chapter and volunteer activities gross revenue and expenditures include fair values for donated materials totaling \$ 31,443 (2011 - \$16,089).

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 the appropriate portions of the HST. The Society is reimbursed by the government in the form of an HST rebate.

## 7. 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 other sources in 2009, \$14,055 in 2010, \$15,790 in 2011, and \$21,585 in 2012.

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

	General Fund	Ralph Walker Research Fund	Laura's Hope Fund	2012	2011
Investment and interest earned on:					
Endowment Fund investments	\$ 56,216	\$ -	\$ -	\$ 56,216	\$ 38,141
Other investments	15,525	11,738	1,443	28,706	28,165
Total	\$ 71,741	\$ 11,738	\$ 1,443	\$ 84,922	\$ 66,306

# HUNTINGTON SOCIETY OF CANADA

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Year ended June 30, 2012

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## **8. 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.

## **9. Interfund transfers:**

During the year, the following transfers were made:

Transfers from the General Fund to the Capital Fund in order to fund the cash outlays for capital asset acquisitions.

Transfers from the General Fund to the Endowment Fund, Ralph Walker Research Fund and Laura's Hope Fund were transacted to allocate interest and investment income.

## **10. Financial instruments:**

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

The carrying values of cash, accounts receivable, accrued interest receivable and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments. Market value of investments is disclosed in note 2.

### **(ii) Credit risk:**

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

## **11. Comparative figures:**

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.