

**Spina Bifida and Hydrocephalus
Association of Ontario**

ANNUAL FINANCIAL STATEMENTS

February 28, 2009

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CHOLKAN  **STEPCZUK** LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the members of the
Spina Bifida and Hydrocephalus Association of Ontario

We have audited the statement of financial position of the Spina Bifida and Hydrocephalus Association of Ontario as at February 28, 2009 and the statements of operations, changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association derives revenues from cash donations and from fundraising events, 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 books of the Association and we were not able to determine whether any adjustments might be necessary to revenues, net changes in fund balances for the year, assets and equity.

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 revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at February 28, 2009 and the results of its operations, the changes in its net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants
Licensed Public Accountants

May 28, 2009

Spina Bifida and Hydrocephalus Association of Ontario


STATEMENT OF FINANCIAL POSITION

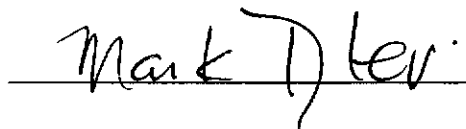
February 28, 2009

Statement 1

	2009	2008
ASSETS		
Current		
Cash and short-term deposits	\$311,145	\$333,888
Accounts receivable	25,945	37,841
Inventory (note 3)	20,734	24,092
Deposits and prepaid expenses	9,364	9,747
	367,188	405,568
Endowment investments and security deposit (note 4)	229,962	227,029
Equipment (note 5)	10,711	10,667
	\$607,861	\$643,264
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$26,212	\$26,392
Deferred contributions (note 6)	7,129	2,857
	33,341	29,249
NET ASSETS (note 7) (Statement 2)		
Net assets invested in equipment	9,283	7,810
Net assets internally restricted for research	15,010	15,010
Net assets restricted for scholarship endowments	214,962	213,922
Unrestricted net assets	335,265	377,273
	574,520	614,015
	\$607,861	\$643,264

APPROVED ON BEHALF OF THE BOARD

 , DIRECTOR

 , DIRECTOR

Refer to the accompanying notes.

Spina Bifida and Hydrocephalus Association of Ontario

STATEMENT OF CHANGES IN NET ASSETS

Year ended February 28, 2009

Statement 2

					2009	2008
Net assets	Invested in equipment	Restricted for research	Restricted for scholarship endowments	Unrestricted	Total	Total
Beginning of year	\$7,810	\$15,010	\$213,922	\$377,273	\$614,015	\$496,090
Excess of revenues over expenses (expenses over revenues) (Statement 3)	(5,036)	-	(1,500)	(35,499)	(42,035)	90,888
Endowment contributions and reinvested portion of interest income	-	-	2,540	-	2,540	27,037
Investment in equipment	6,509	-	-	(6,509)	-	-
End of year	\$9,283	\$15,010	\$214,962	\$335,265	\$574,520	\$614,015

Refer to the accompanying notes.

Spina Bifida and Hydrocephalus Association of Ontario

STATEMENT OF OPERATIONS

Year ended February 28, 2009

Statement 3

	2009	2008
Revenues		
Fundraising activities (note 8)	\$303,439	\$266,638
Contributions (note 9)		
General	119,488	162,725
Bequests	4,098	119,250
Investment income (note 10)	13,492	14,073
Membership dues	5,767	6,280
Other	419	101
	446,703	569,067
Expenses (notes 2f and 11)		
Programs and services		
Awareness and education	245,768	250,951
Care and support	90,784	88,299
Advocacy	23,366	18,581
Scholarships	6,500	6,600
Research	6,857	6,379
	373,275	370,810
Financial resource development	74,269	62,357
General administration	34,729	38,833
Amortization of equipment	6,465	6,179
	488,738	478,179
Excess of revenues over expenses (expenses over revenues) for the year	(\$42,035)	\$90,888

Refer to the accompanying notes.

Spina Bifida and Hydrocephalus Association of Ontario

STATEMENT OF CASH FLOWS

Year ended February 28, 2009

Statement 4

	2009	2008
Cash provided by (used for):		
Operating activities		
Operating revenue sources	\$462,871	\$554,636
Payments on account of expenses	(478,712)	(477,144)
	(15,841)	77,492
Investment activities - purchases of equipment	(6,509)	(4,424)
Endowment contributions and reinvested investment income	2,540	27,037
Cash allocated for restricted uses	(2,933)	(22,602)
Net increase in cash for the year	(22,743)	77,503
Cash and short-term deposits, beginning of year	333,888	256,385
Cash and short-term deposits, end of year	\$311,145	\$333,888

Refer to the accompanying notes.

Spina Bifida and Hydrocephalus Association of Ontario

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2009

1 / Purpose of Organization

The Association is a provincial organization whose primary objects are to carry out educational and public awareness programs about prevention and diagnosis, and to support individuals and their families. Spina Bifida and Hydrocephalus Association of Ontario is incorporated by letters patent under the Corporations Act of Ontario as a non-profit association without share capital. Any surplus earned by the corporation is to be used in promoting its objects. The Association is a registered charity under provisions of the Income Tax Act (Canada).

2 / Significant Accounting Policies

a. Investments

Investments are recorded at the lower of cost and market value.

b. Inventory

Inventory is valued as follows: general goods for resale - at the lower of cost and net realizable value; goods donated to be sold for fundraising - at the lower of appraised value and net realizable value; goods not for resale - at the lower of cost and replacement cost.

c. Equipment and Amortization

Equipment purchases are accounted for in a manner that amortizes their cost over their estimated useful lives. The Association uses the straight-line method and the following rates of amortization: illustrative aid equipment, computers and peripherals - 4 years; computer software - 7 years; general office equipment - 7 years; furniture - 10 years. The value of equipment is removed from the accounts after it is fully amortized.

d. Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

e. Contributed Services

The work of the Association is highly dependent on the efforts of its volunteers. Since the monetary value of volunteers' contributed services is difficult to determine, the value of these services has not been recognized in these financial statements.

f. Allocations of Expenses

In addition to expenses directly attributable to a program or service, each program or service is allocated a share of other expenses, such as personnel costs, rent, office equipment, etc. Allocations are estimated on the basis of actual time, space and other usage criteria, as appropriate. Expenses not reasonably attributable to any other program or service are added to general administrative expense.

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Spina Bifida and Hydrocephalus Association of Ontario

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2009

3 / Inventory

	2009	2008
Fundraising supplies	\$18,793	\$21,826
Literature for resale and other	1,941	2,266
	\$20,734	\$24,092

4 / Endowment Investments and Security Deposit

	2009	2008
Bank guaranteed investment certificate, bearing interest at 4.125% due June 25, 2010	\$100,625	\$ -
Bank guaranteed investment certificate, bearing interest at 1.95% due October 15, 2009	79,689	-
Credit Union term deposit, bearing interest at 4.6% due September 7, 2010	34,300	34,300
Non-current hypothecated portion of bank guaranteed investment certificate, bearing interest at 2.55%, due June 25, 2009	15,000	15,000
Guaranteed investment certificates that matured during the year	-	177,618
Savings accounts	348	111
	\$229,962	\$227,029

Fair values of the above investments at February 28, 2009 were approximately the same as their book values shown above since market factors had not changed significantly from the time the funds were invested. Fair values of fixed interest rate investments are subject to fluctuation as market interest rates change. No gain, loss or change in yield will occur unless fixed rate instruments are disposed of prior to maturity. The amount of \$15,000 has been hypothecated on a guaranteed investment certificate of \$125,000 as security for a letter of guarantee provided to satisfy regulatory requirements with respect to a fundraising raffle conducted by the Association. All other investments shown above are for endowment purposes.

5 / Equipment

			2009	2008
	Cost	Accumulated Amortization	Net	Net
Computers and peripherals	\$49,664	\$44,123	\$5,541	\$4,453
Computer software	18,536	13,742	4,794	5,075
Office equipment	13,893	13,517	376	1,139
	\$82,093	\$71,382	\$10,711	\$10,667

The Association is still in possession of office furniture and illustrative aids that is not shown above because its cost has been fully amortized.

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Spina Bifida and Hydrocephalus Association of Ontario

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2009

6 / Deferred Contributions

Deferred contributions represent contributions received but not expended for purposes specified by the contributor. Changes in the deferred contributions balance are as follows:

	2009	2008
Beginning of year	\$2,857	\$4,286
Amounts deferred (recognized), during the year	4,272	(1,429)
End of year	\$7,129	\$2,857

7 / Restrictions on Net Assets

Internally restricted amounts are only available for designated purposes. Such restrictions are imposed by the Board of Directors and may only be changed with the approval of the Board.

Net assets restricted for endowments are maintained in segregated bank accounts and investment certificates. Endowment resources are to be maintained permanently, while the interest on the permanent endowment may be used to pay scholarships.

8 / Fundraising Activities

	2009	2008
Break open lottery sales	\$1,106,511	\$1,158,690
Less: Prizes and licences	(813,592)	(856,929)
Retailer commissions and supplier fees	(114,136)	(117,447)
Ticket printing and other direct costs	(52,041)	(56,489)
	126,742	127,825
Bingo revenues, net of prizes paid	91,067	74,415
Revenue from other games of chance, net of prizes paid and direct costs totalling \$25,672 (2008 - \$25,668)	29,498	34,677
Golf tournament revenue, net of direct costs of \$12,921 (2008-\$10,684)	42,498	24,346
Other fundraising revenue, net of direct costs	13,634	5,375
	\$303,439	\$266,638

9 / Contributions

Contributions are shown net of related direct mailing costs of \$1,200 (2008 - \$1,722).

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Spina Bifida and Hydrocephalus Association of Ontario

NOTES TO THE FINANCIAL STATEMENTS

February 28, 2009

10 / Investment Income

	2009	2008
Income earned on unrestricted resources	\$7,957	\$8,589
Income earned on resources held for scholarship endowments	7,704	7,341
Total investment income earned in the period	15,661	15,930
Less reinvested amounts added to scholarship endowments	(2,169)	(1,857)
Investment income recognized as revenue for the year	\$13,492	\$14,073

11 / Commitments

The Association has entered into contractual obligations to lease office premises, and to lease and service office equipment. Minimum future payments under the leases are as follows: 2010 - \$64,955; 2011 - \$64,955; 2012 - \$64,506; 2013 - \$25,378; 2014 - \$17,234.