

**Spina Bifida and Hydrocephalus  
Association of Ontario**

**ANNUAL FINANCIAL STATEMENTS**

**February 29, 2008**

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## 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 29, 2008 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 29, 2008 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 16, 2008

**Spina Bifida and Hydrocephalus Association of Ontario**

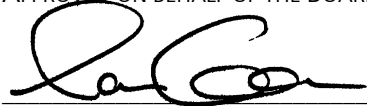
STATEMENT OF FINANCIAL POSITION

February 29, 2008

Statement 1

	2008	2007
<b>ASSETS</b>		
Current		
Cash and short-term deposits	\$333,888	\$256,385
Accounts receivable	37,841	24,839
Inventory (note 3)	24,092	20,939
Deposits and prepaid expenses	9,747	10,728
	405,568	312,891
Endowment investments and security deposit (note 4)	227,029	204,427
Equipment (note 5)	10,667	12,422
	\$643,264	\$529,740
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$26,392	\$29,364
Deferred contributions (note 6)	2,857	4,286
	29,249	33,650
<b>NET ASSETS (note 7) (Statement 2)</b>		
Net assets invested in equipment	7,810	8,136
Net assets internally restricted for research	15,010	15,010
Net assets restricted for scholarship endowments	213,922	186,885
Unrestricted net assets	377,273	286,059
	614,015	496,090
	\$643,264	\$529,740

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 29, 2008

Statement 2

					2008	2007
<b>Net assets</b>	Invested in equipment	Restricted for research	Restricted for scholarship endowments	Unrestricted	<b>Total</b>	Total
Beginning of year	\$8,136	\$15,010	\$186,885	\$286,059	<b>\$496,090</b>	\$444,366
Excess of revenues over expenses <i>(Statement 3)</i>	(4,750)	-	-	95,638	<b>90,888</b>	463
Endowment contributions and reinvested portion of interest income	-	-	27,037	-	<b>27,037</b>	51,261
Investment in equipment	4,424	-	-	(4,424)	-	-
End of year	<b>\$7,810</b>	<b>\$15,010</b>	<b>\$213,922</b>	<b>\$377,273</b>	<b>\$614,015</b>	\$496,090

Refer to the accompanying notes.

## Spina Bifida and Hydrocephalus Association of Ontario

### STATEMENT OF OPERATIONS

Year ended February 29, 2008

Statement 3

	2008	2007
<b>Revenues</b>		
Fundraising activities <i>(note 8)</i>	<b>\$266,638</b>	\$272,008
Contributions <i>(note 9)</i>		
General	<b>162,725</b>	161,643
Bequests	<b>119,250</b>	-
Investment income <i>(note 10)</i>	<b>14,073</b>	9,814
Membership dues	<b>6,280</b>	5,810
Other	<b>101</b>	1,145
	<b>569,067</b>	450,420
<b>Expenses</b> <i>(notes 2f and 11)</i>		
Programs and services		
Awareness and education	<b>250,951</b>	225,191
Care and support	<b>88,299</b>	95,016
Advocacy	<b>18,581</b>	18,571
Scholarships	<b>6,600</b>	6,800
Research	<b>6,379</b>	4,874
	<b>370,810</b>	350,452
Financial resource development	<b>62,357</b>	54,024
General administration	<b>38,833</b>	38,965
Amortization of equipment	<b>6,179</b>	6,516
	<b>478,179</b>	449,957
<b>Excess of revenues over expenses for the year</b>	<b>\$90,888</b>	\$463

Refer to the accompanying notes.

## Spina Bifida and Hydrocephalus Association of Ontario

### STATEMENT OF CASH FLOWS

Year ended February 29, 2008

Statement 4

	2008	2007
<b>Cash provided by (used for):</b>		
Operating activities		
Operating revenue sources	<b>\$554,636</b>	\$423,310
Payments on account of expenses	<b>(477,144)</b>	(435,361)
	<b>77,492</b>	(12,051)
Investment activities - purchases of equipment	<b>(4,424)</b>	(1,909)
Endowment contributions and reinvested investment income	<b>27,037</b>	51,261
Cash allocated for restricted uses	<b>(22,602)</b>	(49,764)
<b>Net increase in cash for the year</b>	<b>77,503</b>	(12,463)
Cash and short-term deposits, beginning of year	<b>256,385</b>	268,848
Cash and short-term deposits, end of year	<b>\$333,888</b>	\$256,385

*Refer to the accompanying notes.*

## **Spina Bifida and Hydrocephalus Association of Ontario**

### NOTES TO THE FINANCIAL STATEMENTS

February 29, 2008

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#### **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 29, 2008

#### 3 / Inventory

	2008	2007
Fundraising supplies	\$21,826	\$18,325
Literature for resale and other	2,266	2,614
	<b>\$24,092</b>	<b>\$20,939</b>

#### 4 / Endowment Investments and Security Deposit

	2008	2007
Bank guaranteed investment certificate, bearing interest at 3.45% due October 15, 2008	\$100,475	\$ -
Bank guaranteed investment certificate, bearing interest at 3.30% due October 15, 2008	77,143	-
Credit Union term deposit, bearing interest at 4.6% due September 7, 2010	34,300	34,300
Hypothecated portion of bank guaranteed investment certificate, bearing interest at 3.60%, due June 25, 2008	15,000	-
Guaranteed investment certificates that matured during the year	-	170,000
Savings accounts	111	127
	<b>\$227,029</b>	<b>\$204,427</b>

Fair values of the above investments at February 29, 2008 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

	2008		2007	
	Cost	Accumulated Amortization	Net	Net
Computers and peripherals	\$45,522	\$41,069	\$4,453	\$3,655
Computer software	16,169	11,094	5,075	6,772
Office equipment	13,893	12,754	1,139	1,995
	<b>\$75,584</b>	<b>\$64,917</b>	<b>\$10,667</b>	<b>\$12,422</b>

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 29, 2008

#### 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:

	2008	2007
Beginning of year	\$4,286	\$36,141
Amounts recognized as contribution revenue during the year	(1,429)	(31,855)
End of year	\$2,857	\$4,286

#### 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

	2008	2007
Break open lottery sales	\$1,158,690	\$1,189,273
Less: Prizes and licences	(856,929)	(881,029)
Retailer commissions and supplier fees	(117,447)	(123,243)
Ticket printing and other direct costs	(56,489)	(56,026)
	127,825	128,975
Bingo revenues, net of prizes paid	74,415	79,013
Revenue from other games of chance, net of prizes paid and direct costs totalling \$25,668 (2007 - \$31,460)	34,677	28,130
Golf tournament revenue, net of direct costs of \$10,684 (2007-\$16,006)	24,346	30,327
Other fundraising revenue, net of direct costs	5,375	5,563
	\$266,638	\$272,008

#### 9 / Contributions

Contributions are shown net of related direct mailing costs of \$1,722 (2007 - \$1,648).

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## Spina Bifida and Hydrocephalus Association of Ontario

### NOTES TO THE FINANCIAL STATEMENTS

February 29, 2008

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#### 10 / Investment Income

	2008	2007
Income earned on unrestricted resources	<b>\$8,589</b>	\$5,055
Income earned on resources held for scholarship endowments	<b>7,341</b>	5,545
Total investment income earned in the period	<b>15,930</b>	10,600
Less reinvested amounts added to scholarship endowments	<b>(1,857)</b>	(786)
Investment income recognized as revenue for the year	<b>\$14,073</b>	\$9,814

#### 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: 2009 - \$66,630; 2010 - \$65,226; 2011 - \$64,985; 2012 - \$66,347; 2013 - \$838.