

Financial Statements of

**HUNTINGTON SOCIETY
OF CANADA**

Year ended June 30, 2009



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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, 2009 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 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 donations 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, 2009, 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 4, 2009

HUNTINGTON SOCIETY OF CANADA

Statement of Financial Position

June 30, 2009 with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 234,379	\$ 492,395
Investments (note 3)	3,291,712	3,408,733
Accounts receivable	131,459	102,361
Pledge receivable	-	76,813
Accrued interest receivable	18	903
Prepaid expenses	79,802	63,475
	<u>3,737,370</u>	<u>4,144,680</u>
Equipment and leasehold improvements (note 4)	46,958	60,226
	<u>\$ 3,784,328</u>	<u>\$ 4,204,906</u>

Liabilities and Fund Balances

Liabilities:		
Accounts payable and accrued liabilities	\$ 371,574	\$ 130,542
Deferred contributions (note 5)	371,685	974,277
	<u>743,259</u>	<u>1,104,819</u>
Net assets:		
General Fund	705,885	750,883
Invested in Capital Assets	46,958	60,226
Endowment Fund	1,429,866	1,450,215
Ralph Walker Research Fund	650,116	651,175
Laura's Hope Fund	208,244	187,588
	<u>3,041,069</u>	<u>3,100,087</u>
Commitments (note 6)		
	<u>\$ 3,784,328</u>	<u>\$ 4,204,906</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, 2009, with comparative figures for 2008

	General Fund	Capital Fund	Endowment Fund	Ralph Walker Research Fund	Laura's Hope Fund	Total 2009	Total 2008
Revenue:							
Donations:							
Individuals	\$ 1,003,366	\$ -	\$ 10,000	\$ 201,031	\$ 6,060	\$ 1,220,457	\$ 1,122,542
Corporate	190,958	-	-	67,650	12,247	270,855	316,588
Groups	10,703	-	-	-	-	10,703	6,398
Bequests	223,439	-	-	-	-	223,439	143,530
Honour/Memorial	75,945	-	-	21,348	-	97,293	145,883
Government grants	42,569	-	-	-	-	42,569	28,183
Foundation grants	454,056	-	-	219,500	-	673,556	350,129
Chapter and volunteer fundraising activities (note 7)	961,695	-	-	-	-	961,695	1,153,658
Investment and interest income (note 8)	117,581	-	-	13,906	2,349	133,836	185,658
Loss on sale of investments	(24,690)	-	-	(9,805)	-	(34,495)	(2,662)
Gain on sale of equipment	153	-	-	-	-	153	450
	3,055,775	-	10,000	513,630	20,656	3,600,061	3,450,357
Expenditures:							
Research	747,000	-	-	513,123	-	1,260,123	814,086
Individual and family services	934,544	-	-	-	-	934,544	849,242
Education and public awareness	433,093	-	-	-	-	433,093	400,716
Volunteer development	200,043	-	-	-	-	200,043	176,963
Meetings and workshops	114,022	-	-	-	-	114,022	90,927
Governance and accountability costs (note 9)	160,176	-	-	-	-	160,176	156,619
Fundraising	351,601	-	-	-	-	351,601	347,819
Administration	112,520	-	-	-	-	112,520	72,066
Amortization	-	36,479	-	-	-	36,479	28,142
	3,052,999	36,479	-	513,123	-	3,602,601	2,936,580
Excess of revenue over expenditures							
(expenditures over revenue)	\$ 2,776	\$ (36,479)	\$ 10,000	\$ 507	\$ 20,656	\$ (2,540)	\$ 513,777

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Changes in Fund Balances

Year ended June 30, 2009, with comparative figures for 2008

	General Fund	Capital Fund	Endowment Fund	Ralph Walker Research Fund	Laura's Hope Fund	Total 2009	Total 2008
Fund balances, beginning of year	\$ 750,883	\$ 60,226	\$ 1,450,215	\$ 651,175	\$ 187,588	\$ 3,100,087	\$ 2,706,327
Excess of revenue over expenditures (expenditures over revenue)	2,776	(36,479)	10,000	507	20,656	(2,540)	513,777
Unrealized loss on investment classified as available-for-sale (note 3)	(24,563)	-	(30,349)	(1,566)	-	(56,478)	(120,017)
Interfund transfers (note 10)	(23,211)	23,211	-	-	-	-	-
Fund balances, end of year	\$ 705,885	\$ 46,958	\$ 1,429,866	\$ 650,116	\$ 208,244	\$ 3,041,069	\$ 3,100,087

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Cash Flows

Year ended June 30, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (applied to):		
Operations:		
Excess of revenue over expenditures	\$ (2,540)	\$ 513,777
Items not involving cash:		
Amortization of equipment and leasehold improvements	36,479	28,142
Gain on sale of equipment	(153)	(450)
Loss on sale of investments	34,495	2,662
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(29,098)	(18,345)
Pledge receivable	76,813	(76,813)
Accrued interest receivable	885	26,114
Prepaid expenses	(16,327)	9,945
Accounts payable and accrued liabilities	241,032	35,966
Deferred contributions	(602,592)	143,072
	(261,006)	664,070
Investments:		
Purchase of equipment and leasehold improvements	(23,211)	(44,536)
Sale (purchase) of investments, net	26,048	(1,022,652)
Proceeds on sale of equipment	153	450
	2,990	(1,066,738)
Decrease in cash	(258,016)	(402,668)
Cash, beginning of year	492,395	895,063
Cash, end of year	\$ 234,379	\$ 492,395
Supplemental cash flow information:		
Cash received for interest income	\$ 134,722	\$ 211,772

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements

Year ended June 30, 2009

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 10th anniversary of the Huntington Society of Canada and to pay tribute to the Society's founder, Ralph Walker. Donations that have been designated by donors for general research are reported in the Ralph Walker Research Fund, along with the 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 designated by donors to the Laura's Hope Fund have been restricted for pre-clinical and/or clinical research.

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Notes to Financial Statements, page 2

Year ended June 30, 2009

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 capital contributions is recorded as revenue in the statement of operations and changes in fund balances.

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

(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.

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Notes to Financial Statements, page 3

Year ended June 30, 2009

1. Significant accounting policies (continued):

(e) 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

(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.

(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 leasehold improvements and accrued liabilities.

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Notes to Financial Statements, page 4

Year ended June 30, 2009

1. Significant accounting policies (continued):

(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 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.

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") issued new accounting standards: Handbook Section 3862, "Financial Instruments - Disclosures", and Handbook Section 3863, "Financial Instrument - Presentation". These standards were expected to be effective for the financial statements for the year ended June 30, 2009. However in December 2008, the CICA eliminated the requirement for non-for-profit entities to adopt these standards. Huntington Society of Canada has not adopted financial instruments under Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" for the year ended June 30, 2009.

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.

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Year ended June 30, 2009

2. Future accounting changes:

The CICA has issued several amendments to the not-for-profit accounting standards. Under these amended standards, there will no longer be a requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit such an amount as a category of internally restricted new assets when an organization chooses to do so. The amended standards also:

- clarify that revenues and expenses must be recognized and presented on a gross basis when an organization is acting as a principal in the transactions;
- make Section 1540, Cash flow statements, applicable;
- make Section 1751, Interim financial statements, applicable;
- make Section 3062, Property, plant and equipment, applicable unless the organization is eligible to use the scope exemption for smaller entities; and
- provide consistency with other sections of the CICA Handbook with respect to related party transactions.

The CICA has also 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, 2009.

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	2009		2008	
	Fair value	Book value	Fair value	Book value
Treasury bills and GIC's	\$ 195,023	\$ 195,023	\$ 264,200	\$ 268,306
Equity and mutual fund investments	3,096,689	3,283,758	3,144,533	3,271,018
Total	\$ 3,291,712	\$ 3,478,781	\$ 3,408,733	\$ 3,539,324

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Year ended June 30, 2009

3. Investments (continued):

Investments by Fund	2009		2008	
	Fair value	Book value	Fair value	Book value
General Fund	\$ 1,435,834	\$ 1,518,497	\$ 1,431,253	\$ 1,489,354
Endowment Fund	1,419,312	1,508,533	1,450,216	1,509,088
Ralph Walker Research Fund	241,543	256,728	335,475	349,093
Laura's Hope Fund	195,023	195,023	191,789	191,789
Total	\$ 3,291,712	\$ 3,478,781	\$ 3,408,733	\$ 3,539,324

4. Equipment and leasehold improvements:

	Cost	2009		2008	
		Accumulated amortization	Net book value	Net book value	Net book value
Computer equipment and software	\$ 145,272	\$ 101,814	\$ 43,458	\$ 58,731	
Office furniture and equipment	15,174	13,849	1,325	1,495	
Leasehold improvements	4,040	1,865	2,175	-	
Total	\$ 164,486	\$ 117,528	\$ 46,958	\$ 60,226	

Amortization for the year was \$36,479 (2008 - \$28,142).

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Year ended June 30, 2009

5. Deferred contributions:

	2009	2008
Balance, beginning of year	\$ 974,277	\$ 831,205
Add contributions received	609,110	857,900
Less contributions recognized as revenue	(1,211,702)	(714,828)
Balance, end of year	\$ 371,685	\$ 974,277
Comprised of:		
Government Agency	\$ 84,675	\$ -
Deferred contributions (Individuals, Corporations and Foundations)	287,010	974,277
	\$ 371,685	\$ 974,277

6. Commitments:

(a) Lease commitments:

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

2010	\$ 81,642
2011	27,520
2012	26,228
2013	21,548
2014	6,942
Total	\$ 163,880

(b) Research commitments:

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

2010	\$ 339,070
2011	76,000
2012	76,000
Total	\$ 491,070

HUNTINGTON SOCIETY OF CANADA

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Year ended June 30, 2009

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	
			2009	2008
Gross revenue	\$ 1,146,856	\$ 273,222	\$ 1,420,078	\$ 1,655,257
Expenditures	273,479	184,904	458,383	501,599
Total	\$ 873,377	\$ 88,318	\$ 961,695	\$ 1,153,658

Chapter and volunteer activities gross revenue and expenditures include fair values for donated materials totaling \$32,128 (2008 - \$47,617).

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. During the year an additional \$10,000 donation was received from another source.

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		
				2009	2008
Investment and interest earned on:					
Endowment Fund investments	\$ 117,435	\$ -	\$ -	\$ 117,435	\$ 141,886
Other investments	146	13,906	2,349	16,401	43,772
Total	\$ 117,581	\$ 13,906	\$ 2,349	\$ 133,836	\$ 185,658

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Notes to Financial Statements, page 9

Year ended June 30, 2009

9. Governance and accountability costs:

The Huntington Society of Canada 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.