

Financial Statements of

**HUNTINGTON SOCIETY
OF CANADA**

Year ended June 30, 2015



KPMG LLP
115 King Street South, 2nd Floor
Waterloo ON N2J 5A3

Telephone 519-747-8800
Fax 519-747-8830
Internet www.kpmg.ca

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, 2015, 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 accounting standards for not-for-profit organizations, 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.



Page 2

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, 2015, and the results of its operations and its cash flows for the year ended June 30, 2015 in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

September 16, 2015
Waterloo, Canada

HUNTINGTON SOCIETY OF CANADA

Statement of Financial Position

June 30, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets		
Cash	\$ 794,400	\$ 617,597
Investments (note 2)	2,229,649	2,317,587
Accounts receivable (note 3)	412,530	141,475
Prepaid expenses	44,063	50,808
	<u>3,480,642</u>	<u>3,127,467</u>
Capital assets (note 4)	50,117	44,824
	<u>\$ 3,530,759</u>	<u>\$ 3,172,291</u>

Liabilities and Fund Balances

Liabilities

Accounts payable and accrued liabilities (note 5)	\$ 60,226	\$ 76,770
Deferred revenue (note 6)	82,617	73,120
	<u>142,843</u>	<u>149,890</u>

Net assets

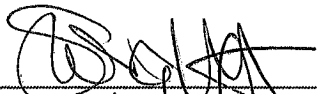
General fund	664,162	685,974
Capital assets fund	50,117	44,824
Endowment fund	1,914,534	1,870,153
Laura's Hope fund	12,273	382
Ralph Walker Research fund	746,830	421,068
	<u>3,387,916</u>	<u>3,022,401</u>


Commitments (note 7)

	<u>\$ 3,530,759</u>	<u>\$ 3,172,291</u>
--	---------------------	---------------------

See accompanying notes to the financial statements.

On behalf of the Board:





Director

Director

HUNTINGTON SOCIETY OF CANADA

Statement of Operations

Year ended June 30, 2015, with comparative information for 2014

	General Fund	Capital Assets		Endowment Fund	Laura's Hope Fund		Ralph Walker Research Fund		Total 2015	Total 2014
		Fund	Fund		Fund	Fund	Fund	Fund		
Revenue										
Donations	\$ 1,565,466	\$ -	\$ 14,325	\$ -	\$ 16,910	\$ 380,088	\$ -	\$ 1,976,789	\$ 1,901,269	
Grants	88,692	-	-	-	-	334,464	-	423,156	169,362	
Chapter and volunteer fundraising revenue (note 8)	1,565,168	-	3,350	-	-	36,760	-	1,605,278	1,583,699	
Investment and interest income (note 9)	128,593	-	-	552	-	9,721	-	138,866	113,097	
Realized gain on sale of investments	27,358	-	-	-	-	2,059	-	29,417	28,677	
Unrealized gain on investments	8,775	-	26,706	-	-	2,670	-	38,151	172,941	
Other income	52,059	-	-	-	-	-	-	52,059	143,126	
	3,436,111	-	44,381	17,462	17,462	765,762	-	4,263,716	4,112,171	
Expenses										
Research	550,080	-	-	-	5,571	440,000	-	995,651	735,784	
Family services	1,227,917	-	-	-	-	-	-	1,227,917	1,163,792	
Public awareness and education	380,995	-	-	-	-	-	-	380,995	305,355	
Chapter and volunteer support	166,375	-	-	-	-	-	-	166,375	145,797	
Development	382,183	-	-	-	-	-	-	382,183	394,065	
Chapter and volunteer fundraising expenses (note 8)	280,625	-	-	-	-	-	-	280,625	453,788	
Administration	445,705	-	-	-	-	-	-	445,705	535,495	
Amortization	-	18,750	-	-	-	-	-	18,750	18,748	
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	1,155	
	3,433,880	18,750	-	5,571	5,571	440,000	-	3,898,201	3,753,979	
Excess (deficiency) of revenue over expenses	\$ 2,231	\$ (18,750)	\$ 44,381	\$ 11,891	\$ 11,891	\$ 325,762	\$ -	\$ 365,515	\$ 358,192	

See accompanying notes to the financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Changes in Fund Balances

Year ended June 30, 2015, with comparative information for 2014

	Capital		Ralph Walker			Total 2015	Total 2014
	General Fund	Assets Fund	Endowment Fund	Laura's Hope Fund	Research Fund		
Fund balances, beginning of year	\$ 685,974	\$ 44,824	\$ 1,870,153	\$ 382	\$ 421,068	\$ 3,022,401	\$ 2,664,209
Excess (deficiency) of revenue over expenses	2,231	(18,750)	44,381	11,891	325,762	365,515	358,192
Interfund transfers (note 10)	(24,043)	24,043	-	-	-	-	-
Fund balances, end of year	\$ 664,162	\$ 50,117	\$ 1,914,534	\$ 12,273	\$ 746,830	\$ 3,387,916	\$ 3,022,401

See accompanying notes to the financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Cash Flows

Year ended June 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenses	\$ 365,515	\$ 358,192
Non-cash items:		
Realized gain on sale of investments	(29,417)	(28,677)
Unrealized gain on investments	(38,151)	(172,941)
Amortization	18,750	18,748
Loss on disposal of capital assets	-	1,155
Change in non-cash operating assets and liabilities:		
Accounts receivable	(271,055)	14,916
Prepaid expenses	6,745	(5,637)
Accounts payable and accrued liabilities	(16,544)	(163,077)
Deferred revenue	9,497	(27,131)
	45,340	(4,452)
Investing activities		
Purchase of capital assets	(24,043)	(26,411)
Net sale of investments	155,506	374,235
	131,463	347,824
Increase in cash	176,803	343,372
Cash, beginning of year	617,597	274,225
Cash, end of year	\$ 794,400	\$ 617,597

See accompanying notes to the financial statements.

HUNTINGTON SOCIETY OF CANADA

Notes to the Financial Statements

Year ended June 30, 2015

The Huntington Society of Canada (the "Society") is a national network of volunteers and professionals united in the fight against Huntington disease ("HD"). As a not-for-profit organization, incorporated under the laws of Canada, the Society seeks to maximize the quality of life of people living with HD by delivering services, increasing awareness of the disease, and supporting research to slow and prevent HD.

The Society is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from income taxes.

1. Significant accounting policies:

Fund accounting:

The financial statements include the operations of the National Office of the Society and its 12 Resource Centres, and are prepared on an accrual basis in accordance with the principles of fund accounting. Accordingly, all financial transactions have been recorded in the Society's five funds.

The General fund is an unrestricted fund used at the discretion of the Board of Directors to fulfill the mission of the Society in all areas, including research, family services, public awareness and education, chapter and volunteer support, development, chapter and volunteer fundraising, and administration. All undesignated donations are recorded in this fund.

The Capital assets fund includes funds used for the acquisition, amortization, and disposal of capital assets, as well as financing costs.

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 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.

The Laura's Hope fund is an externally restricted fund established in honour of Laura Evans by her parents in 2003. The purpose of this fund is to support pre-clinical and/or clinical research towards developing a treatment or a cure for Huntington disease, and revenues specifically designated by donors to this fund have been restricted for this purpose.

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. Revenues specifically designated by donors to this fund have been restricted for research, along with any related expenses.

Revenue recognition:

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

Unrestricted and restricted donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations for which there is no separate fund are recognized as revenue of the General fund in the year in which the related expenses are incurred.

HUNTINGTON SOCIETY OF CANADA

Notes to the Financial Statements, continued

Year ended June 30, 2015

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

Donations to the Endowment fund are recognized as revenue in the Endowment fund. Investment and interest income earned by the Endowment fund is recognized as revenue in the General fund.

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 financial statements.

Financial instruments:

Investments are recorded at fair value, as disclosed in note 2.

Financial assets and liabilities recorded at amortized cost include cash, accounts receivable, capital assets, and accounts payable and accrued liabilities. The carrying value of these assets and liabilities approximate their fair value as a result of the relatively short period to maturity of these financial instruments.

Financial assets are assessed for impairment on a periodic basis. If there is an indicator of impairment, the Society reduces the carrying value of the financial asset.

Capital assets:

Capital assets are capitalized and stated at cost. Amortization is provided using the following methods and rates:

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

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 (and 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.

HUNTINGTON SOCIETY OF CANADA

Notes to the Financial Statements, continued

Year ended June 30, 2015

Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the year.

The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, and accrued liabilities.

Actual results could differ from those estimates.

2. Investments:

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

Fair value of investments by type:	2015	2014
GIC's	\$ 2,110,049	\$ 269,048
Equities and mutual fund investments	119,600	2,048,539
Total	\$ 2,229,649	\$ 2,317,587

Fair value of investments by fund:	2015	2014
General fund	\$ 98,284	\$ 92,550
Endowment fund	1,914,534	1,870,153
Laura's Hope fund	-	-
Ralph Walker Research fund	216,831	354,884
Total	\$ 2,229,649	\$ 2,317,587

3. Accounts receivable:

	2015	2014
Accounts receivable	\$ 385,580	\$ 109,869
GST/HST receivable	25,592	29,871
Accrued interest receivable	1,358	1,735
Total	\$ 412,530	\$ 141,475

HUNTINGTON SOCIETY OF CANADA

Notes to the Financial Statements, continued

Year ended June 30, 2015

4. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	\$ 157,003	\$ 126,241	\$ 30,762	\$ 26,671
Office furniture and equipment	38,564	19,209	19,355	18,153
Total	\$ 195,567	\$ 145,450	\$ 50,117	\$ 44,824

Amortization for the year was \$18,750 (2014 - \$18,748). Loss on disposal of capital assets for the year was \$nil (2014 - \$1,155).

5. Accounts payable and accrued liabilities:

Government remittances payable included in accounts payable and accrual liabilities was nil (2014 - \$nil).

6. Deferred revenue:

Deferred revenue represents contributions related to future expenses and contributions made on the condition by the donor that these funds be restricted for a special purpose.

	2015	2014
Balance, beginning of year	\$ 73,120	\$ 100,251
Contributions received	125,117	93,120
Contributions recognized as revenue	(115,620)	(120,251)
Balance, end of year	\$ 82,617	\$ 73,120

7. Commitments:

The Society is committed to the following payments under operating leases for its National Office and Resource Centres and equipment, as well as for research grants:

	Lease agreements	Research Grants	Total
2016	\$ 54,938	\$ 439,667	\$ 494,605
2017	6,250	-	6,250
2018	6,000	-	6,000
2019	5,000	-	5,000
	\$ 72,188	\$ 439,667	\$ 511,855

HUNTINGTON SOCIETY OF CANADA

Notes to the Financial Statements, continued

Year ended June 30, 2015

8. Chapter and volunteer fundraising:

Chapter and volunteer fundraising consists of the following:

	Events	Gaming	2015	2014
Revenue	\$ 1,293,818	\$ 311,460	\$ 1,605,278	\$ 1,583,699
Expenses	240,804	39,821	280,625	453,788
Net	\$ 1,053,014	\$ 271,639	\$ 1,324,653	\$ 1,129,911

Chapter and volunteer fundraising revenue and expenses include fair values for donated materials during the year totaling \$36,681 (2014 - \$35,970).

9. Investment and interest income:

The original amount in the Endowment fund was established by a grant from 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.

	General fund	Laura's Hope fund	Ralph Walker Research fund	2015	2014
Investment and interest income earned on:					
Endowment fund					
Investments	\$ 97,206	\$ -	\$ -	\$ 97,206	\$ 79,168
Other investments	31,387	552	9,721	41,660	33,929
Total	\$ 128,593	\$ 552	\$ 9,721	\$ 138,866	\$ 113,097

10. Interfund transfers:

During the year, transfers were made from the General fund to the Capital assets fund in order to fund the cash outlays for acquisitions of capital assets.

HUNTINGTON SOCIETY OF CANADA

Notes to the Financial Statements, continued

Year ended June 30, 2015

11. Financial instruments:

Market risk:

Market risk is the risk that a value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer, or all factors affecting all instruments traded in the market. To manage this risk, the Society has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerance.

Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Society's cash flows, financial position, and operations. Interest rate changes have a direct impact on the market valuation of the Society's fixed income securities. To manage this risk, the Society has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted. The Society is not exposed to a concentration of credit risk relating to receivables.

Currency risk:

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the Society's funds are invested in financial instruments and enter into transactions denominated in foreign currencies, which differ from the Society's measurement currency, the Canadian dollar. Consequently, the Society is exposed to risks that the exchange rate of the Canadian dollar will change in a manner that has an adverse effect on the value of the portion of the Society's assets and liabilities denominated in foreign currencies. The Society's overall currency positions and exposures are monitored by the Portfolio manager.