

**BC Rare Disease Foundation**  
**FINANCIAL STATEMENTS**  
**May 31, 2010**

## AUDITORS' REPORT

To the Members of  
BC Rare Disease Foundation

We have audited the statement of financial position of BC Rare Disease Foundation as at May 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's directors. 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 Foundation derives revenue from donations and 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 records of the Foundation and we were not able to determine whether any adjustments might be necessary to receipts, excess of revenue over expenses and net assets.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and fundraising events revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at May 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.  
December 10, 2010



**Chartered Accountants**

**D+H Group LLP Chartered Accountants**

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 Understanding, Advising, Guiding

# BC Rare Disease Foundation

## STATEMENT OF FINANCIAL POSITION

May 31, 2010 (Note 1)

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### ASSETS

#### CURRENT ASSETS

Cash	\$	31,545
GST receivable		<u>183</u>
	\$	<u>31,728</u>

### LIABILITY

#### CURRENT LIABILITY

Account payable and accrued liabilities	\$	102
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### NET ASSETS

UNRESTRICTED		<u>31,626</u>
	\$	<u>31,728</u>

*See accompanying notes to the financial statements.*

Approved by the Board \_\_\_\_\_ Director \_\_\_\_\_ Director

# BC Rare Disease Foundation

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

Year ended May 31, 2010 (Note 1)

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### REVENUE

Donations	\$	17,014	
Fundraising revenue		39,379	
Interest and other		<u>14</u>	
			\$ 56,407

### EXPENSE

Fundraising			<u>10,077</u>
			46,330

### GENERAL AND ADMINISTRATIVE EXPENSES

Bank charges		119	
Management fees		9,000	
Office		251	
Professional fees		2,919	
Travel		<u>2,415</u>	
			<u>14,704</u>

EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR, being  
NET ASSETS, UNRESTRICTED, end of year

\$ 31,626

*See accompanying notes to the financial statements.*

# BC Rare Disease Foundation

## STATEMENT OF CASH FLOWS

Year ended May 31, 2010 (Note 1)

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### CASH FLOWS FROM OPERATING ACTIVITIES

Excess of revenue over expenses for the year	\$	31,626
Adjustment to reconcile net cash provided by operating activities		
GST receivable		(183)
Accounts payable and accrued liabilities		<u>102</u>

INCREASE IN CASH DURING THE YEAR, being  
CASH, end of year

\$ 31,545

*See accompanying notes to the financial statements.*



# BC Rare Disease Foundation

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2010

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### 1. OPERATIONS

The BC Rare Disease Foundation (the "Foundation") was incorporated on February 5, 2009 under the *Society Act* (British Columbia) and commenced activities on June 1, 2009. The primary objective of the Foundation is to provide support services to individuals afflicted with rare diseases and their families, advance education by funding research into rare diseases that is made available to the public and gift funds to qualified donees.

The Foundation is a charitable organization and is therefore tax-exempt under Section 149(1) (f) of the *Income Tax Act (Canada)* as long as certain criteria continue to be met.

### 2. ACCOUNTING POLICIES

#### **Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

#### **Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

#### **Revenue recognition**

The Foundation derives its revenue from fundraising events and donations. The Foundation follows the deferral method of accounting for revenue. Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as earned and when collection is believed to be reasonably assured.

#### **Donated services**

The Foundation and its members benefit greatly from donated services and facilities in the form of volunteer time. Because of the difficulty in determining their fair value, the donated services are not recognized in these financial statements.

#### **Financial instruments**

CICA Handbook Section 3855 and 3861 set out criteria for the recognition, measurement, disclosure and presentation of financial instruments, and requires all financial instruments within its scope, including derivatives, to be accounted for either at fair value, or in circumstances when fair value may not be considered the most relevant information, at cost or amortized cost. All financial instruments are classified into one of five categories, with each category possessing specific requirements for initial and subsequent recognition and measurement.

Cash is classified as held-for-trading, which is measured at fair value. Accounts payable and accrued liabilities are measured at amortized cost, using the effective interest rate method.

The Foundation has elected to apply CICA Handbook Section 3861 in place of CICA Handbook Section 3862 "Disclosure" and Section 3863 "Presentation". Sections 3862 and 3863 require extensive disclosures about the significance of financial instruments for an entity's financial position and results of operations overall, as quantitative and qualitative disclosures on the nature and extent of risks arising from financial instruments. Management believes that the cost of preparing the additional disclosures exceeds any incremental benefit.

# BC Rare Disease Foundation

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2010

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### 4. FINANCIAL INSTRUMENTS

Financial instruments consist of cash and accounts payable.

#### **Fair value**

The fair value of cash, and accounts payable are believed to equal their carrying amounts due to their short terms to maturity.

#### **Credit risk**

Cash is exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on the cash balance is equal to the carrying amount. The Foundation mitigates its credit risk exposure by only dealing with donors or contributors who are believed to be creditworthy.