

**BC Rare Disease Foundation**  
**FINANCIAL STATEMENTS**  
**May 31, 2011**

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
BC Rare Disease Foundation

### Report on the Financial Statements

We have audited the accompanying financial statements of BC Rare Disease Foundation, which comprise the statement of financial position as at May 31, 2011 and the statement of operations and changes in net assets and the statement of cash flows for the year then ended, and 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 generally accepted accounting principles, 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.

### Auditor's 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 the auditor's 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, the auditor considers 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.

#### D+H Group LLP Chartered Accountants

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**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Foundation derives revenue from donations and fundraising events, the completeness of which are 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 revenue, excess of revenue over expenses, assets and net assets.

**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 Foundation as at May 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
October 4, 2011



**Chartered Accountants**

# BC Rare Disease Foundation

## STATEMENT OF FINANCIAL POSITION

May 31, 2011

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 74,067	\$ 31,545
Amounts receivable	3,344	183
Prepaid expenses	<u>2,290</u>	<u>-</u>
	\$ <u>79,701</u>	\$ <u>31,728</u>
<b>LIABILITY</b>		
CURRENT LIABILITY		
Account payable and accrued liabilities	\$ 12,994	\$ 102
<b>NET ASSETS</b>		
UNRESTRICTED	<u>66,707</u>	<u>31,626</u>
	\$ <u>79,701</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, 2011**

	<u>2011</u>	<u>2010</u>
REVENUE		
Donations	\$ 60,224	\$ 17,014
Fundraising revenue	49,534	39,379
Interest and other	<u>46</u>	<u>14</u>
	109,804	56,407
DIRECT EXPENSE		
Fundraising	<u>40,528</u>	<u>10,077</u>
	<u>69,276</u>	<u>46,330</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising and promotion	1,956	-
Bank charges	210	119
Office	24,006	9,251
Professional fees	8,023	2,919
Travel	<u>-</u>	<u>2,415</u>
	<u>34,195</u>	<u>14,704</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	35,081	31,626
NET ASSETS, beginning of year	<u>31,626</u>	<u>-</u>
NET ASSETS, end of year	\$ <u>66,707</u>	\$ <u>31,626</u>

*See accompanying notes to the financial statements.*

# BC Rare Disease Foundation

## STATEMENT OF CASH FLOWS

Year ended May 31, 2011

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 35,081	\$ 31,626
Adjustment to reconcile net cash provided by operating activities		
(Increase) decrease in amounts receivable	(3,161)	(183)
(Increase) decrease in prepaid expenses	(2,290)	-
Decrease (increase) accounts payable and accrued liabilities	<u>12,892</u>	<u>102</u>
INCREASE IN CASH DURING THE YEAR	42,522	31,545
CASH, beginning of year	<u>31,545</u>	<u>-</u>
CASH, end of year	\$ <u>74,067</u>	\$ <u>31,545</u>

*See accompanying notes to the financial statements.*

# BC Rare Disease Foundation

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2011

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### 1. ORGANIZATION

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.

#### **Capital assets**

Capital assets are expensed in the year of acquisition. The cost of capital assets acquired by the Foundation during the year was \$ 20,045 (2010 – \$ 76). Capital assets owned by the Foundation are comprised of website development costs.

#### **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 expenses 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 Sections 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. Amounts receivable and accounts payable and accrued liabilities are measured at amortized cost, using the effective interest rate method.

# BC Rare Disease Foundation

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2011

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### 2. ACCOUNTING POLICIES - continued

The Foundation has elected to apply CICA Handbook Section 3861 in place of CICA Handbook Sections 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.

#### Capital disclosures

The Society has no externally imposed capital requirements.

### 3. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, amounts receivable and accounts payable.

#### Fair value

The fair value of cash, amounts receivable 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.