

CANADIAN DOWN SYNDROME SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2016

CANADIAN DOWN SYNDROME SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Down Syndrome Society

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Canadian Down Syndrome Society which comprise the statements of financial position as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2016 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.

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 our judgement, 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Canadian Down Syndrome Society as at December 31, 2016 and the results of its operations, the changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
March 21, 2017

Werner Haag
Chartered Accountants

CANADIAN DOWN SYNDROME SOCIETY


STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

	<u>Note</u>	<u>2016</u>	<u>2015</u>
ASSETS			
CURRENT			
Cash	2	\$ 190,162	\$ 251,287
Accounts receivable		17,597	7,553
Goods and services tax recoverable		19,652	34,937
Prepaid expenses		<u>66,714</u>	<u>42,405</u>
		294,125	336,182
EQUIPMENT	4	97,574	84,348
RESTRICTED CASH	5	27,255	27,396
INVESTMENTS	5	<u>478,526</u>	<u>464,362</u>
		<u>\$ 897,480</u>	<u>\$ 912,288</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 57,858	\$ 73,191
Deferred revenue		69,246	30,189
Deferred contributions	6	<u>872</u>	<u>33,394</u>
		<u>127,976</u>	<u>136,774</u>
NET ASSETS			
Internally restricted	5	505,781	491,758
Invested in capital assets		97,574	84,348
Unrestricted		<u>166,149</u>	<u>199,408</u>
		<u>769,504</u>	<u>775,514</u>
Commitments	8	<u>\$ 897,480</u>	<u>\$ 912,288</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

CANADIAN DOWN SYNDROME SOCIETY

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2016

	<u>Note</u>	<u>2016</u>	<u>2015</u>
REVENUE			
Donations	7	\$ 1,294,778	\$ 1,229,557
Special events		120,951	53,094
Annual conference		116,436	118,657
Grants		81,440	65,207
Casino funds	6	32,522	74,145
Memberships		16,130	17,490
Product sales		5,816	15,894
		<u>1,668,073</u>	<u>1,574,044</u>
EXPENSES			
Salaries		426,792	431,297
Fundraising		460,993	434,758
Public education		300,854	292,242
Annual conference		124,352	118,089
Rent and office		105,030	104,673
Project expenses		84,454	18,918
Board, staff development and education		73,496	96,580
Goods and services tax		32,467	31,045
Printing and postage		28,843	30,618
Professional fees		12,617	12,575
Affiliate memberships		11,075	9,895
Product costs		9,538	14,752
Telephone		3,322	6,243
Anniversary video		-	44,259
Affiliate grants		-	41,700
Amortization		14,273	4,300
		<u>1,688,106</u>	<u>1,691,944</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES		<u>(20,033)</u>	<u>(117,900)</u>
Internally Restricted Investment Revenues (Expenditures)			
Investment income		10,981	13,475
Gain on sale of investments		777	24,804
Investment management fees		(7,086)	(6,190)
Net change in fair market value of investments		9,351	(23,741)
		<u>14,023</u>	<u>8,348</u>
DEFICIENCY OF REVENUE OVER EXPENSES		<u>\$ (6,010)</u>	<u>\$ (109,552)</u>

CANADIAN DOWN SYNDROME SOCIETY

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>				
	<u>Internally Restricted</u>	<u>Invested In Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>2015 Total</u>
NET ASSETS					
Balance at beginning of year	\$ 491,758	\$ 84,348	\$ 199,408	\$ 775,514	\$ 885,066
Excess (Deficiency) of revenue over expenses	14,023	(14,273)	(5,760)	(6,010)	(109,552)
Equipment purchase	<u>-</u>	<u>27,499</u>	<u>(27,499)</u>	<u>-</u>	<u>-</u>
BALANCE AT END OF YEAR	<u>\$ 505,781</u>	<u>\$ 97,574</u>	<u>\$ 166,149</u>	<u>\$ 769,504</u>	<u>\$ 775,514</u>

CANADIAN DOWN SYNDROME SOCIETY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (6,010)	\$ (109,552)
Adjustments		
Amortization	14,273	4,300
Gain on sale of investments	(777)	(24,804)
Net change in fair market value of investments	<u>(9,351)</u>	<u>23,741</u>
	<u>(1,865)</u>	<u>(106,315)</u>
Changes in non-cash operating working capital		
Accounts receivable	(10,044)	27,094
Goods and services tax recoverable	15,285	(5,856)
Prepaid expenses	(24,309)	13,123
Accounts payable and accrued liabilities	(15,333)	(25,484)
Deferred contributions and revenue	<u>6,535</u>	<u>(11,441)</u>
	<u>(27,866)</u>	<u>(2,564)</u>
Net cash from operating activities	<u>(29,731)</u>	<u>(108,879)</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Website additions	(27,499)	(73,979)
Decrease in restricted cash	141	19,485
Proceeds on sale of investments	2,982	103,495
Purchase of investments	<u>(7,018)</u>	<u>(30,265)</u>
	<u>(31,394)</u>	<u>18,736</u>
DECREASE IN CASH	(61,125)	(90,143)
Cash At Beginning Of Year	<u>251,287</u>	<u>341,430</u>
CASH AT END OF YEAR	<u>\$ 190,162</u>	<u>\$ 251,287</u>

Cash is defined as unrestricted cash plus externally restricted casino funds.

CANADIAN DOWN SYNDROME SOCIETY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

The Canadian Down Syndrome Society (“the Society”) is a national organization incorporated by Letters Patent on January 20, 1987 and continued under the Canada Not-For-Profit Corporations Act. The purpose of the Society is to disseminate information, provide networking opportunities, research, develop and distribute resource materials as well as provide support to families and professionals about Down Syndrome.

The Society also works in collaboration with fifty two local and provincial organizations to provide education and increase public awareness about Down Syndrome.

The Society is a registered charity under the Income Tax Act and is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the assumption that the Society will continue as a going concern. Significant accounting policies are described below.

CASH AND CASH EQUIVALENTS

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

EQUIPMENT

Purchased equipment is recorded at cost less accumulated amortization. Contributed capital assets are recorded at the fair value at the date of contribution. Amortization is provided on a straight line basis using the following annual rates intended to amortize the cost of assets over their estimated useful lives.

Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years
Website	5 years

CANADIAN DOWN SYNDROME SOCIETY

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Investments are recorded at fair market value based on published trading data. Realized and unrealized gains and losses are reported in the statement of operations as investment income.

REVENUE RECOGNITION

The Society 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.

Revenues prepaid for future events are recorded as deferred revenue.

All other revenues are recognized when earned on the accrual basis.

CONTRIBUTED SERVICES

Volunteers contribute a significant number of hours per year to assist the Society in carrying out its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

CANADIAN DOWN SYNDROME SOCIETY

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS

Financial instruments included in these financial statements include cash, accounts receivable, investments and accounts payable and accrued liabilities. These financial instruments are initially recognized at fair value and subsequently measured at amortized cost.

The Society is exposed to market risk. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Society's investments in publicly traded securities expose the Society to market risk as such investments are subject to price changes in the open market. The Society does not use derivative financial instruments to alter the effects of this risk.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant liquidity, interest, currency or credit risks arising from these financial instruments, nor does it believe there are any significant concentrations of credit risk.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Although these estimates are based on management's best knowledge of current events and actions that the Society may undertake in the future, actual results could differ from those estimates.

2. CASH

	<u>2016</u>	<u>2015</u>
Cash consists of the following:		
Cash	\$ 153,250	\$ 217,893
Term deposit maturing in 120 days or less	36,040	-
Externally restricted casino funds (Note 6)	<u>872</u>	<u>33,394</u>
	<u>\$ 190,162</u>	<u>\$ 251,287</u>

CANADIAN DOWN SYNDROME SOCIETY

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2016

3. OPERATING LINE OF CREDIT

The Society has an operating line of credit in the amount of \$100,000. The operating line of credit bears interest at bank prime and is secured by the Society's financial reserve fund (Note 5) with a carrying value of \$505,781 (2015 - \$491,758). As of December 31, 2016, \$Nil (2015 - \$Nil) was drawn on this credit facility.

4. EQUIPMENT

	2016			2015
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Website	\$ 100,831	\$ 10,083	\$ 90,748	\$ 73,332
Computer	20,323	15,198	5,125	8,144
Furniture and fixtures	20,587	19,095	1,492	2,037
Office equipment	9,416	9,416	-	-
Leasehold improvements	<u>3,130</u>	<u>2,921</u>	<u>209</u>	<u>835</u>
	<u>\$ 154,287</u>	<u>\$ 56,713</u>	<u>\$ 97,574</u>	<u>\$ 84,348</u>

5. INTERNALLY RESTRICTED NET ASSETS

The Canadian Down Syndrome Society established an internally restricted Financial Reserve Fund which is to have a minimum balance of \$400,000. The balance of the Fund at December 31, 2016 is \$505,781 (\$491,758 in 2015). The Financial Reserve Fund is a reserve to ensure that obligations are met in the event of unanticipated changes in external funding. These internally restricted amounts are not available for other purposes without the approval of the board of directors.

Internally restricted net assets are comprised of the following:

	<u>2016</u>	<u>2015</u>
Restricted cash	\$ 27,255	\$ 27,396
Investments - Marketable securities	<u>478,526</u>	<u>464,362</u>
	<u>\$ 505,781</u>	<u>\$ 491,758</u>

CANADIAN DOWN SYNDROME SOCIETY

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2016

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent casino funds externally restricted for printing and publication purposes. Casino funds can be used to pay only approved expenses. The Society may apply for a special permit from the gaming commission in order to use the funds for expenses other than those previously approved. Changes in the deferred contributions balance are as follows:

	<u>2016</u>	<u>2015</u>
Casino Funds		
Beginning balance	\$ 33,394	\$ 34,429
Amount recognized as revenue in the year	(32,522)	(74,145)
Amount received	-	73,110
Ending balance	<u>\$ 872</u>	<u>\$ 33,394</u>

7. CANADIAN DOWN SYNDROME SOCIETY FUND

The Calgary Foundation administers the Canadian Down Syndrome Society Fund, an endowment fund, to which the Society is the beneficiary of income earned from the fund. The allocation received in the year ended December 31, 2016 was in the amount of \$2,059 (2015 - \$2,167) and is included in donations income. The balance of the fund at December 31, 2016 was \$53,340 (2015 - \$51,842). This balance is not recorded in these financial statements.

CANADIAN DOWN SYNDROME SOCIETY

NOTES TO FINANCIAL STATEMENTS (Continued)

YEAR ENDED DECEMBER 31, 2016

8. COMMITMENTS

The Society entered into a three year contract with Engage Interactive Inc. on November 18, 2014 which permits fundraising efforts to take place across Canada with the exception of Quebec. The current contract will expire on December 31, 2017.

The Society leases it's facilities and certain office equipment under operating leases which require the following lease payments.

2017	\$ 35,191
2018	33,840
2019	32,489
2020	32,131
2021	29,555

9. COMPARATIVE FIGURES

Certain 2015 comparative figures have been restated to conform with the financial statement presentation adopted for 2016.