
Rare Disease Foundation
Financial Statements
May 31, 2018



Independent Auditor's Report

To the Board of Directors of Rare Disease Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Rare Disease Foundation, which comprise the statement of financial position as at May 31, 2018 and the statement of operations and changes in net assets and 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, Rare Disease Foundation derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these types of revenue was limited to the amounts recorded in the records of Rare Disease Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the year ended May 31, 2018 and assets and net assets as at May 31, 2018.



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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 Rare Disease Foundation as at May 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
August 9, 2018

Chartered Professional Accountants

Rare Disease Foundation

Statement of Financial Position

May 31, 2018

	2018	2017
	\$	\$
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Assets		
Current assets		
Cash and cash equivalents	882,865	318,160
Amounts receivable	4,685	10,197
Prepaid expenses	14,825	5,636
	<u>902,375</u>	<u>333,993</u>
Term deposit	<u>100,000</u>	<u>-</u>
	<u>1,002,375</u>	<u>333,993</u>
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Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	67,894	29,935
Deferred revenue (Note 3)	583,858	208,364
	<u>651,752</u>	<u>238,299</u>
Net assets		
Unrestricted	<u>350,623</u>	<u>95,694</u>
	<u>1,002,375</u>	<u>333,993</u>
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The accompanying notes are an integral part of these financial statements.

Approved by the Board



_____, Director



_____, Director

Rare Disease Foundation

Statement of Operations and Changes in Net Assets

Year ended May 31, 2018

	2018	2017
	\$	\$
Revenue		(Note 6)
General donations	377,737	178,466
Grants	156,000	153,865
Fundraising events - Rare Finds	165,558	111,590
Fundraising events - other	54,298	10,651
Contributions	-	8,108
Interest	1,145	1,089
	<u>754,738</u>	<u>463,769</u>
Expenses		
Advertising	17,097	10,825
Bank charges	6,018	4,582
Consulting fees (Note 5)	110,799	144,061
Fundraising events	70,488	78,383
Office	22,278	18,191
Professional fees	14,447	18,538
Program - Patient & Family Support	7,707	3,137
Program - Rare Disease Research	242,155	239,889
Travel	3,771	1,643
	<u>494,760</u>	<u>519,249</u>
Excess (deficiency) of revenue over expenses from operations	259,978	(55,480)
Other item		
Gain (loss) on sale of marketable securities	<u>(5,049)</u>	<u>-</u>
Excess (deficiency) of revenue over expenses for the year	254,929	(55,480)
Net assets, beginning of year	<u>95,694</u>	<u>151,174</u>
Net assets, end of year	<u>350,623</u>	<u>95,694</u>

The accompanying notes are an integral part of these financial statements.

Rare Disease Foundation

Statement of Cash Flows

Year ended May 31, 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Excess (deficiency) of revenue over expenses for the year	254,929	(55,480)
Changes in non-cash working capital		
Amounts receivable	5,512	(7,739)
Prepaid expenses	(9,189)	(5,636)
Accounts payable and accrued liabilities	37,959	8,901
Deferred revenue	375,494	174,784
	<u>664,705</u>	<u>114,830</u>
Cash flows from (used in) investing activity		
Purchase of term deposit	<u>(100,000)</u>	<u>-</u>
Increase in cash and cash equivalents during the year	564,705	114,830
Cash and cash equivalents, beginning of year	<u>318,160</u>	<u>203,330</u>
Cash and cash equivalents, end of year	<u>882,865</u>	<u>318,160</u>
Cash and cash equivalents consists of:		
Cash	582,865	312,160
Guaranteed investment certificates	<u>300,000</u>	<u>6,000</u>
	<u>882,865</u>	<u>318,160</u>

The accompanying notes are an integral part of these financial statements.

Rare Disease Foundation

Notes to the Financial Statements

May 31, 2018

1. Organization

The Rare Disease Foundation (the "Foundation") was incorporated on February 5, 2009, commenced activities on June 1, 2009 and continued under the *Societies Act* (British Columbia) in November 2017. The primary objectives of the Foundation are to provide support services to individuals afflicted with rare diseases and their families, to advance education by funding research into rare diseases that is made available to the public, and to 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 accounting standards for not-for-profit organizations 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 accounting standards for not-for-profit organizations 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash and guaranteed investment certificates redeemable within 90 days at the time of purchase.

Term deposits

Term deposits are recorded at amortized cost and include non-redeemable guaranteed investment certificates.

Capital assets

Capital assets are expensed in the year of acquisition. Capital assets owned by the Foundation are comprised of website development costs.

Revenue recognition

The Foundation derives revenue from fundraising events and donations, which is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Foundation follows the deferral method of accounting for revenue. Restricted contributions are deferred and recognized as revenue in the year 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.

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

Rare Disease Foundation

Notes to the Financial Statements

May 31, 2018

2. Accounting policies - continued

Donated goods and services

The Foundation and its members benefit greatly from donated services and facilities in the form of volunteer time. The Foundation also receives donated goods and services to be auctioned at fundraising events. Because of the difficulty in determining their fair value, the donated goods and services are not recognized in these financial statements. Proceeds from the auction sale of goods and services donated are reflected as fundraising revenue.

3. Deferred revenue

Deferred revenue is mainly comprised of contributions from donors intended for the Rare Disease Research Program, Patient & Family Support Program, Rare Disease Day and promotional costs and grant writing costs for the Foundation.

Changes in the deferred revenue balance during the year are as follows:

	2018	2017
	\$	\$
Balance, beginning of year	208,364	33,580
Add: Contributions received during the year	649,400	368,993
Less: Contribution revenue recognized	<u>(273,906)</u>	<u>(194,209)</u>
Balance, end of year	<u>583,858</u>	<u>208,364</u>

4. Financial instruments

Financial instruments consist of cash and cash equivalents, amounts receivable, term deposit, and accounts payable and accrued liabilities.

Credit risk

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

5. Remuneration paid to employees and contractors

Under the *Societies Act* (British Columbia), the Society is required to disclose the number of, and total remuneration paid to, employees and contractors with remuneration over \$ 75,000 in the fiscal year. The details are as follows:

	2018	2017
	\$	\$
Remuneration paid to Executive Director	80,000	80,000

6. Comparative figures

Certain 2017 figures have been reclassified to conform to the presentation used in the current year.