
CANADIAN CONGENITAL HEART ALLIANCE

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Directors of
Canadian Congenital Heart Alliance

Qualified Opinion

I have audited the financial statements of Canadian Congenital Heart Alliance, which comprise the statement of financial position as at December 31, 2018 and the statements of income, changes in net assets and cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the records of the Organization. Therefore, I was not able to determine whether any audit adjustments might be necessary to donations, excess of revenue over expenses for the year, cash flow from operations for the years ended December 31, 2018 and 2017, and net assets as at January 1 and December 31 for the the 2018 and 2017 years. Our audit opinion on the financial statements for the years ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Responsibilities of Management and Those Charged with Governance 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 organization, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion, The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion, My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in black ink, appearing to read "J. Rade". The signature is written in a cursive, flowing style.

Markham, Ontario
May 21, 2019

Chartered Professional Accountant
Licensed Public Accountant

CANADIAN CONGENITAL HEART ALLIANCE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 25,128	\$ 47,307
Amounts receivable	4,239	-
Grants receivable (Note 3)	18,693	-
HST recoverable	2,517	3,036
Advance to CHEO RI (Note 3)	<u>-</u>	<u>36,288</u>
	<u>\$ 50,577</u>	<u>\$ 86,631</u>
LIABILITIES		
CURRENT		
Accounts payable (Note 3)	\$ 27,293	\$ 6,381
Deferred revenues (Note 3)	<u>-</u>	<u>44,767</u>
	<u>27,293</u>	<u>51,148</u>
NET ASSETS		
Unrestricted	<u>23,283</u>	<u>35,483</u>
	<u>23,283</u>	<u>35,483</u>
	<u>\$ 50,576</u>	<u>\$ 86,631</u>

COMMITMENT Note 5

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

CANADIAN CONGENITAL HEART ALLIANCE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Grant (Note 3)	\$ 63,460	\$ 123,474
Donations	<u>17,471</u>	<u>25,982</u>
	<u>80,931</u>	<u>149,456</u>
EXPENSES		
Staffing costs - Fearless (Note 3)	52,329	79,668
Administration	13,109	18,872
Program expenses - Fearless (Note 3)	6,013	21,121
Travel and conferences	5,494	11,262
Professional fees	4,677	3,200
Fundraising and promotion	4,185	-
Office and general	4,209	9,463
Insurance	2,703	2,917
Programs	328	-
Bank charges	<u>84</u>	<u>127</u>
	<u>93,131</u>	<u>146,630</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(12,200)	\$ 2,826

CANADIAN CONGENITAL HEART ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
NET ASSETS , beginning of the year	\$ 35,483	\$ 32,657
Excess (deficiency) of revenue over expenses	<u>(12,200)</u>	<u>2,826</u>
NET ASSETS , end of the year	<u>\$ 23,283</u>	<u>\$ 35,483</u>

CANADIAN CONGENITAL HEART ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ <u>(12,200)</u>	\$ <u>2,826</u>
Changes in non-cash working capital balances related to operations:		
Increase in grant receivable	(18,693)	-
(Increase) decrease in HST	519	(1,216)
Decrease (increase) in advances to CHEO RI	36,288	(36,288)
Increase in amounts receivable	(4,239)	-
Increase (decrease) in accounts payable	20,913	(718)
Decrease in deferred revenue	<u>(44,767)</u>	<u>(67,393)</u>
	<u>(9,979)</u>	<u>(105,615)</u>
Cash flows used in operating activities	<u>(22,179)</u>	<u>(102,789)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(22,179)	(102,789)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>47,307</u>	<u>150,096</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ 25,128	\$ 47,307

CANADIAN CONGENITAL HEART ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. PURPOSE OF THE ORGANIZATION

Canadian Congenital Heart Alliance (CCHA) was incorporated without share capital on November 3, 2006 under the laws of Canada. The purpose of the Organization is to raise awareness of congenital heart diseases and the need for lifelong expert care. The Organization is a registered charity under the Income Tax Act and therefore exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Handbook and include the following:

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably determined and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Donations are recognized when received.

Financial Instruments

The Organization's financial instruments are initially measured at fair value. All financial instruments are subsequently measured at amortized cost.

The financial assets subsequently measured at amortized cost include cash and cash equivalents.

The financial liabilities subsequently measured at amortized cost include accounts payable and accrued charges.

Contributed Services

Volunteers contribute many hours per year to assist the Canadian Congenital Heart Alliance in its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the accompanying financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances available, if any, after allocation to cheque's in transit, and highly liquid investments with an initial term of three months or less.

CANADIAN CONGENITAL HEART ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

Use of Estimates

The presentation of financial statements requires the management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities to the date of the financial statements and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from those estimates.

3. DEFERRED REVENUE

In fiscal 2016, the Organization received a grant from the Ministry of Tourism, Culture and Sport Ontario Sports and Recreation Communities Fund in the amount of \$186,934 which runs until June 2018. As at December 31, 2018, there is an amount receivable of \$18,693 that was received after the year end.

CCHA has a funding transfer agreement with Children's Hospital of Eastern Ontario Research Institute Inc. (CHEO RI) to manage the "Fearless Physical Activity - Getting and Keeping Ontarians with Congenital Heart Disease Active in Community Sports, Recreation and Physical Activity" project covered by the above grant. CHEO RI will conduct and complete the project in terms with Grant noted above and funding agreement with CCHA. Included in accounts payable is the balance owing to CHEO RI of \$18,693 and was paid after year end.

The grant is taken into income as the expenses are incurred. All funds were spent as at June 30, 2018 in accordance with the funding agreement.

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 44,767	\$ 112,160
Add: amount received during the year	-	56,081
Less: amount recognized as revenue in the year	<u>(44,767)</u>	<u>(123,474)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 44,767</u>

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The organization's risk management policy is to reduce volatility in cash flow and earnings. The Board of Directors review the organization's risks on a regular basis. It is the Board's opinion that the Organization is not exposed to significant interest rate risk, credit risk or liquidity risk.

CANADIAN CONGENITAL HEART ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. COMMITMENT

The Organization has an agreement with a contractor for the Executive Director position for up to a monthly maximum of \$2,500.

