

Reissued Financial Statements of

OSTEOPOROSIS CANADA

Year ended March 31, 2010



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AUDITORS' REPORT

To the Members of Osteoporosis Canada

We have audited the Reissued statement of financial position of Osteoporosis Canada as at March 31, 2010 and the statements of revenue and expenditures, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

These financial statements have been reissued to reclassify revenue of \$187,500 as deferred revenue.

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 not-for-profit organizations, the Organization derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of donations revenue was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to cash, revenue, excess (deficiency) of revenue over expenditures and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donations revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 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. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

May 6, 2010

OSTEOPOROSIS CANADA

Reissued Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 496,995	\$ 516,055
Cash - restricted (note 3)	512,459	583,896
Accounts receivable	67,999	37,362
GST recoverable	19,773	18,802
Prepaid expenses	203,605	142,709
	<u>1,300,831</u>	<u>1,298,824</u>
Investments (note 4)	1,865,431	1,544,188
Capital assets (note 5)	86,771	218,507
	<u>\$ 3,253,033</u>	<u>\$ 3,061,519</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 361,808	\$ 486,171
Deferred revenue (note 3)	650,803	584,514
	<u>1,012,611</u>	<u>1,070,685</u>
Fund balances:		
Program Fund	650,090	584,966
Reserve Fund	234,901	186,680
Research Fund	1,355,431	1,219,188
	<u>2,240,422</u>	<u>1,990,834</u>
Commitments (note 8)		
	<u>\$ 3,253,033</u>	<u>\$ 3,061,519</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

OSTEOPOROSIS CANADA

Reissued Statement of Revenue and Expenditures

Year ended March 31, 2010, with comparative figures for 2009

	Program Fund					Research Fund			
	Education/ program development and delivery	Supporting services	Fund development	Provincial Ministry funding		Total 2010	Total 2009	Total 2010	Total 2009
Revenue:									
Individuals	\$ 191,049	\$ 97,728	\$ 860,101	\$ –	\$ 1,148,878	\$ 1,159,492	\$ 13,865	\$ 20,642	
Realized loss on sale of investments	–	–	–	–	–	–	(22,837)	(181,775)	
Corporations	77,743	33,319	62,755	–	173,817	79,054	–	–	
Foundations	46,380	–	–	–	46,380	37,556	–	–	
Project sponsorships	924,129	–	220,769	–	1,144,898	1,158,276	–	–	
Bequests	131,799	14,644	–	–	146,443	204,541	–	–	
Government funding	595,581	102,272	–	3,262,141	3,959,994	4,499,685	–	–	
Other	164,501	21,475	–	–	185,976	204,945	–	–	
Program materials	–	22,569	–	–	22,569	38,500	–	–	
Interest and dividends	–	–	–	–	–	6,551	64,855	71,969	
Memberships	30,426	–	–	–	30,426	34,410	–	–	
	2,161,608	292,007	1,143,625	3,262,141	6,859,381	7,423,010	55,883	(89,164)	
Expenditures:									
Salaries and benefits	993,539	272,597	177,855	2,295,358	3,739,349	3,655,620	–	–	
Travel and public relations	273,450	78,077	133,081	327,785	812,393	930,989	–	–	
Advisory services	227,403	24,056	96,549	68,793	416,801	708,262	20,429	21,643	
Printing	188,018	4,508	193,973	196,398	582,897	526,677	–	–	
Continuing education and support programs	92,050	1,298	12,378	7,053	112,779	181,113	81,708	45,083	
Postage	61,577	15,265	124,915	58,483	260,240	250,970	–	–	
Stationery and supplies	14,672	4,537	2,986	17,898	40,093	49,572	–	–	
Rent	202,338	55,693	34,117	10,271	302,419	294,742	–	–	
Telephone	27,867	9,191	1,903	40,721	79,682	87,979	–	–	
Other	36,613	44,463	5,597	7,018	93,691	100,368	–	–	
Amortization	4,450	1,368	1,027	148,840	155,685	197,418	–	–	
Computer support	15,788	13,648	937	78,193	108,566	135,173	–	–	
Audit and legal	789	33,254	2,068	5,330	41,441	44,135	–	–	
	2,138,554	557,955	787,386	3,262,141	6,746,036	7,163,018	102,137	66,726	
Excess (deficiency) of revenue over expenditures	\$ 23,054	\$ (265,948)	\$ 356,239	\$ –	\$ 113,345	\$ 259,992	\$ (46,254)	\$ (155,890)	

See accompanying notes to financial statements.

OSTEOPOROSIS CANADA

Reissued Statement of Changes in Fund Balances

Year ended March 31, 2010, with comparative figures for 2009

	General Funds			Research Fund	2010 Total	2009 Total
	Program Fund	Reserve Fund	2010 Total			
Fund balances, beginning of year	\$ 584,966	\$ 186,680	\$ 771,646	\$ 1,219,188	\$ 1,990,834	\$ 2,004,087
Excess (deficiency) of revenue over expenditures	113,345	–	113,345	(46,254)	67,091	104,102
Net change in unrealized gains/losses on investments	–	–	–	182,497	182,497	(117,355)
Interfund transfer (note 7)	(48,221)	48,221	–	–	–	–
Fund balances, end of year	\$ 650,090	\$ 234,901	\$ 884,991	\$ 1,355,431	\$ 2,240,422	\$ 1,990,834

See accompanying notes to financial statements.

OSTEOPOROSIS CANADA

Reissued Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 67,091	\$ 104,102
Amortization which does not involve cash	155,685	197,418
	<u>222,776</u>	<u>301,520</u>
Change in non-cash operating working capital:		
GST recoverable	(971)	27,411
Accounts receivable	(30,637)	12,629
Prepaid expenses	(60,896)	59,031
Inventory	—	646
Accounts payable and accrued liabilities	(124,363)	(36,626)
Deferred revenue	66,289	(717,685)
	<u>72,198</u>	<u>(353,074)</u>
Investing activities:		
Additions to capital assets	(23,949)	(22,772)
Decrease (increase) in investments	(138,746)	658,100
	<u>(162,695)</u>	<u>635,328</u>
Increase (decrease) in cash position	(90,497)	282,254
Cash position, beginning of year	1,099,951	817,697
Cash position, end of year	<u>\$ 1,009,454</u>	<u>\$ 1,099,951</u>
Consisting of:		
Cash	\$ 496,995	\$ 516,055
Cash - restricted	512,459	583,896
	<u>\$ 1,009,454</u>	<u>\$ 1,099,951</u>

See accompanying notes to financial statements.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements

Year ended March 31, 2010

Osteoporosis Canada (the "Organization") was established in 1982 and incorporated under the Canada Corporations Act. The Organization is dedicated to educate, empower and support individuals and communities in the prevention and treatment of osteoporosis. The Organization's focus is the provision of services to individuals at risk from and/or affected by osteoporosis and to communities through a locally driven approach. This approach will expand prevention and treatment services at the community level.

The Organization is designated as a registered charity by Canada Revenue Agency.

1. Significant accounting policies:

The accounting policies followed by the Organization and the disclosure of its financial information conform with Canadian generally accepted accounting principles. These financial statements reflect the combined activity and financial position of the Organization's Chapters and Organization Office. The significant accounting policies followed in the preparation of these financial statements are as follows:

(a) Fund accounting:

The activities of the Organization are accounted for utilizing the concepts of restricted fund accounting. There are three funds, a Program Fund, a Research Fund and a Reserve Fund, to account for the activities of the Organization.

The presentation of the revenue and expenditures within the Program Fund reflects key result areas, defined as follows:

(i) Education/program development and delivery:

This represents the development, implementation and evaluation of the information, programs and services the Organization delivers to its clients and stakeholders. This includes: public education and support programs and services, community services, member services, professional education and relations, as well as clinical and scientific research activities. All of these activities improve the level of awareness and knowledge of osteoporosis among the public, people who have osteoporosis, health care professionals, researchers and health care policymakers.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(ii) Supporting services:

These represent essential services that provide core administrative support and governance. These include external audit and legal fees and all other expenses that cannot be easily allocated to other key result areas.

(iii) Fund development:

This represents the ongoing efforts to secure funds related to individual giving (direct mail and all special events) and their related expenses. In addition, this includes corporate donations related to specific events.

(iv) Provincial Ministry funding:

This represents revenues and expenses related to projects contracted by the Ontario Ministry of Health as part of the overall Ontario Osteoporosis Strategy. Specifically, this category included the year's activities centred around the development of educational materials for seniors, bone health courses for people over 50, bone mineral density ("BMD") guidelines for men and perimenopausal women, as well as BMD standards. Finally, the category includes overall project management, as well as the launch of area coordinators throughout the province.

The Research Fund includes donations that have been specifically designated by donors to fund research activities and certain other non-designated donations.

The Board of Directors of the Organization has approved the establishment of a Reserve Fund, in order to provide some security to manage unforeseen circumstances involving a revenue shortfall or unanticipated expenses. The target for the Reserve Fund is six months of core operating expenses, meaning those outside of government-funded programming. Thus, the target is \$2,000,000; it is recognized that it will take a number of years to reach this target.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(b) Revenue and expenditures recognition:

Restricted contributions to the Program Fund are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions to the Program Fund and restricted contributions to the Research Fund are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

All non-designated in-memoriam donations are reflected in the Program Fund.

(c) Investments:

Investments are classified as available-for-sale and stated at fair value. In determining fair values, adjustments have not been made for transaction costs, as they are not significant. The net unrealized gains/losses on investments are attributed to the fund that holds the related investments. This standard was adopted on a retroactive basis with no restatement of prior period financial statements.

Fair values of investments are determined as follows:

Bonds, equities, income fund trust units and pooled funds are valued at year-end quoted market prices.

Guaranteed investment certificates maturing within a year are stated at cost, which together with accrued interest income, approximates fair value given the short-term nature of these investments.

(d) Capital assets:

Capital assets purchased by the Organization are recorded at cost less accumulated amortization. Assets donated to the Organization are recorded at their fair market values on the date of acquisition. The carrying values of all computer equipment and furniture and equipment are amortized on a straight-line basis over three years.

License fees are recorded at cost less accumulated amortization. The license fees are being amortized on a straight-line basis over three years, representing the estimated economic life of these licenses.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(e) Inventory:

Inventory is carried at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

(f) Contributed services:

These financial statements do not reflect the substantial value of services contributed by volunteers and other interested parties.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Amounts subject to such estimates include valuation of investments and determination of deferred revenue. Actual results could differ from those estimates.

(h) Asset retirement obligation:

The Organization recognizes the fair value of a future asset retirement obligation as a liability in the year in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development and/or normal use of the assets. The Organization concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset. The fair value of the asset retirement obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at a credit-adjusted risk-free interest rate. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in income as an operating expense using the interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

At March 31, 2010, the Organization determined there were no significant future asset retirement obligations.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

2. Change in accounting standards:

(a) Effective April 1, 2009, the Organization adopted the amendments to The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 4400, Financial Statement Presentation by Not-For-Profit Organizations, and Section 1000, Financial Statement Concepts ("Section 1000"). The amendments to Section 4400 eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flows. The amendments to Section 1000 clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expense items. Adoption of these recommendations had no other material impact on the financial statements for the year ended March 31, 2010.

(b) Effective April 1, 2009, the Organization adopted the following new accounting standard issued by the CICA relating to the accounting for and disclosure of capital:

Section 1535, Capital Disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Organization is required to disclose information about its objectives, policies and processes for managing capital.

Adoption of this standard did not require the Organization to restate prior periods as this new standard has been adopted prospectively. The adoption did require additional note disclosure in note 10.

3. Cash - restricted and deferred revenue:

Included in cash - restricted and deferred revenue is an amount of \$86,711 (2009 - \$264,133) received from the Ontario Ministry of Health. These funds are designated for the implementation of programs that are part of the Ontario Osteoporosis Strategy.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

4. Investments:

	2010		2009	
	Book value	Fair value	Book value	Fair value
Cash	\$ 81,034	\$ 81,063	\$ 28,535	\$ 28,535
Fixed income	820,671	838,630	659,183	678,880
Equities	957,819	945,738	1,033,060	836,773
	<u>\$ 1,859,524</u>	<u>\$ 1,865,431</u>	<u>\$ 1,720,778</u>	<u>\$ 1,544,188</u>

Investments held consist of \$325,000 (2009 - \$325,000) for the Program Fund, \$1,355,431 (2009 - \$1,219,188) for the Research Fund and \$185,000 (2009 - nil) for the Reserve Fund.

The fixed income securities bear a yield to maturity of 2.75% to 5.96% (2009 - 3.75% to 5.51%) with maturity dates ranging from October 2010 to November 2019 (2009 - April 2009 to June 2018).

5. Capital assets:

	Cost	Accumulated amortization	2010	2009
			Net book value	Net book value
Computer equipment	\$ 593,824	\$ 540,784	\$ 53,040	\$ 104,203
Furniture and equipment	187,591	181,940	5,651	10,599
License fees	226,875	198,795	28,080	103,705
	<u>\$ 1,008,290</u>	<u>\$ 921,519</u>	<u>\$ 86,771</u>	<u>\$ 218,507</u>

6. Invested in capital assets:

	2010	2009
Balance, beginning of year	\$ 218,507	\$ 393,153
Excess of expenditures over revenue	(155,685)	(197,418)
Additions to capital assets	23,949	22,772
Balance, end of year	<u>\$ 86,771</u>	<u>\$ 218,507</u>

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

7. Interfund transfer:

The Board of Directors of the Organization has approved the transfer of a portion of the Program Fund excess of revenue over expenditures to the Reserve Fund.

8. Commitments:

The Organization leases its premises under a long-term operating lease that expires on January 31, 2016. The minimum annual rent payable in the next five years and thereafter under this lease agreement is as follows:

2011	\$ 65,000
2012	83,000
2013	83,000
2014	83,000
2015	83,000
Thereafter	68,000

9. Financial instruments:

The fair value of investments is equal to the quoted market value. The fair values of other financial assets and liabilities, being cash and restricted cash, accounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term nature of these financial instruments.

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities. The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

The Organization mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

OSTEOPOROSIS CANADA

Notes to Reissued Financial Statements (continued)

Year ended March 31, 2010

10. Capital disclosure:

The Organization's current objectives when managing capital are to safeguard the asset and maintain liquidity. The Organization maintains its liquidity by monitoring actual and projected cash flows to ensure that it has sufficient liquidity through cash received from current operations.

11. Indemnification of officers and directors:

The Organization has indemnified its past, present and future directors, officers, employees and volunteers against expenses (including legal expenses), judgements and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Organization. The nature of the indemnity prevents the Organization from reasonably estimating the maximum exposure. The Organization has purchased directors' and officers' liability insurance with respect to this indemnification.

12. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.