

Muscular Dystrophy Canada

Financial Statements

March 31, 2014



June 25, 2014

Independent Auditor's Report

To the Directors and Members of Muscular Dystrophy Canada

We have audited the accompanying financial statements of Muscular Dystrophy Canada, which comprise the statement of financial position as at March 31, 2014 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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.

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Basis for qualified opinion

In common with many not-for-profit organizations, Muscular Dystrophy Canada derives revenues from the general public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Muscular Dystrophy Canada. Therefore, we were not able to determine whether any adjustments might be necessary to general campaign and donations revenue, excess of revenue over expenditures and cash flows from operations for the years ended March 31, 2014 and March 31, 2013, current assets as at March 31, 2014 and March 31, 2013 and net assets as at March 31, 2014, March 31, 2013 and April 1, 2012. Our audit opinion on the financial statements for the year ended March 31, 2013 was modified accordingly because of the possible effects of this limitation in scope.

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 Muscular Dystrophy Canada as at March 31, 2014 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Muscular Dystrophy Canada

Statement of Financial Position

As at March 31, 2014

	2014 \$	2013 \$
Assets		
Current assets		
Restricted cash (note 2)	615,596	1,008,866
Cash	2,549,277	2,183,960
Short-term investments (note 3)	921,132	1,157,613
Amounts receivable (note 11)	140,775	152,161
Prepaid expenses and supplies	369,992	254,389
	<hr/> 4,596,772	<hr/> 4,756,989
Long-term investments (note 4)	6,269,154	4,384,616
Capital assets (note 5)	236,756	283,823
	<hr/> 11,102,682	<hr/> 9,425,428
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	845,388	1,123,024
Deferred revenue (note 7)	211,499	207,383
Commitments for research grants (note 16)	458,033	548,169
	<hr/> 1,514,920	<hr/> 1,878,576
Commitments for research grants (note 16)	343,171	431,174
Deferred contributions related to (note 6)		
Neuromuscular research	2,327,351	1,990,599
Services	1,412,653	761,583
Education	174,913	228,228
British Columbia gaming	334,764	537,118
	<hr/> 4,249,681	<hr/> 3,517,528
	<hr/> 6,107,772	<hr/> 5,827,278
Net Assets		
Net assets restricted for endowment purposes	770,028	737,283
Net assets invested in Board Approved Priorities	1,053,375	278,133
Net assets invested in capital assets	236,756	283,823
Unrestricted net assets	2,934,751	2,298,911
	<hr/> 4,994,910	<hr/> 3,598,150
	<hr/> 11,102,682	<hr/> 9,425,428
Commitments (note 13)		

Approved by the Board of Directors

_____ Director _____ Director

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

Muscular Dystrophy Canada
Statement of Revenue and Expenditures
For the year ended March 31, 2014

	2014	2013
	\$	\$
Revenue (note 6)		
General campaign and donations	9,064,081	9,886,596
Other revenue		
Bequests	1,125,269	247,669
Government grants	73,847	30,939
	<u>10,263,197</u>	<u>10,165,204</u>
Investment and sundry income	215,939	194,367
	<u>10,479,136</u>	<u>10,359,571</u>
Expenditures		
Fundraising (note 8)	3,983,130	4,081,173
Fundraising operating support (note 9)	1,048,235	1,047,748
Management fees	36,709	33,395
	<u>5,068,074</u>	<u>5,162,316</u>
Net funds available for programs and services	<u>5,411,062</u>	<u>5,197,255</u>
Programs and services		
Research programs	573,097	895,467
Services	1,534,338	1,709,739
Education and information services	1,138,801	1,260,328
Other programs	236,724	267,375
Services operating support (note 9)	444,157	372,005
	<u>3,927,117</u>	<u>4,504,914</u>
Volunteer support and governance	<u>518,554</u>	<u>352,410</u>
Excess of revenue over expenditures before the undernoted	965,391	339,931
Amortization of capital assets	(110,976)	(95,205)
Net gain on investments	<u>544,529</u>	<u>289,275</u>
Excess of revenue over expenditures for the year	<u>1,398,944</u>	<u>534,001</u>

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

Muscular Dystrophy Canada

Statement of Changes in Net Assets

For the year ended March 31, 2014

	2014				
	Invested in Board Approved Priorities \$	Restricted for endowment purposes \$	Invested in capital assets \$	Unrestricted \$	Total \$
Net assets - Beginning of year	278,133	737,283	283,823	2,298,911	3,598,150
Excess (deficiency) of revenue over expenditures for the year	(187,097)	-	(110,976)	1,697,017	1,398,944
Endowment disbursement	-	(2,184)	-	-	(2,184)
Invested in capital assets	-	-	63,909	(63,909)	-
Interfund transfer (note 10)	962,339	34,929	-	(997,268)	-
Net assets - End of year	1,053,375	770,028	236,756	2,934,751	4,994,910
	2013				
	Invested in Board Approved Priorities \$	Restricted for endowment purposes \$	Invested in capital assets \$	Unrestricted \$	Total \$
Net assets - Beginning of year	-	702,262	249,435	2,114,452	3,066,149
Excess (deficiency) of revenue over expenditures for the year	(124,367)	-	(95,205)	753,573	534,001
Endowment disbursement	-	(2,000)	-	-	(2,000)
Invested in capital assets	-	-	129,593	(129,593)	-
Interfund transfer (note 10)	402,500	37,021	-	(439,521)	-
Net assets - End of year	278,133	737,283	283,823	2,298,911	3,598,150

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

Muscular Dystrophy Canada

Statement of Cash Flows

For the year ended March 31, 2014

	2014 \$	2013 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	1,398,944	534,001
Items not involving cash		
Amortization of capital assets	110,976	95,205
Net gain on investments	(544,529)	(289,275)
	965,391	339,931
Net decrease in commitments for research grants	(178,139)	(212,559)
Change in non-cash working capital		
Decrease (increase) in amounts receivable	11,386	(14,151)
(Increase) decrease in prepaid expenses and supplies	(115,603)	5,968
(Decrease) increase in accounts payable and accrued liabilities	(277,636)	112,250
Increase (decrease) in deferred revenue	4,116	(3,699)
Increase in deferred contributions	732,153	203,635
	1,141,668	431,375
Investing activities		
Purchase of investments	(4,292,870)	(6,053,531)
Proceeds on sale of investments	3,189,342	5,919,821
Purchase of capital assets	(63,909)	(129,593)
	(1,167,437)	(263,303)
Financing activities		
Endowment disbursement	(2,184)	(2,000)
(Decrease) increase in cash and restricted cash during the year	(27,953)	166,072
Cash and restricted cash - Beginning of year	3,192,826	3,026,754
Cash and restricted cash - End of year	3,164,873	3,192,826
Cash and restricted cash represented by		
Cash	2,549,277	2,183,960
Restricted cash	615,596	1,008,866
	3,164,873	3,192,826

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

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Nature of operations

Muscular Dystrophy Canada is registered as a charitable organization without share capital under the Canada Corporations Act. As such, Muscular Dystrophy Canada is not liable for any federal or provincial income taxes under the provisions of the Income Tax Act (Canada). Muscular Dystrophy Canada is a national voluntary organization committed to improving the quality of life of people with neuromuscular disorders and to finding a cure. Muscular Dystrophy Canada supports the independence and full participation of Canadians with neuromuscular disorders, assists individuals to participate in decisions that affect them and to collaborate with others for social change.

1 Summary of significant accounting policies

Basis of accounting

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the Chartered Professional Accountants of Canada Handbook. The financial statements include the following significant accounting policies.

Fund accounting

These financial statements include the following funds:

- Restricted for endowment purposes - includes donations that are required to be maintained by Muscular Dystrophy Canada on a permanent basis, and also includes investment income earned on these funds.
- Invested in capital assets - reflects amounts that have been designated for the purchase of capital assets, net of accumulated amortization expense and financing costs for the year then ended.
- Unrestricted - includes the cumulative net assets of operating revenues over expenses.
- Invested in Board Approved Priorities - reflects amounts that have been designated for priorities relating to the development of a strategic plan, strategic marketing plan, website refresh and respiratory care initiatives.

Cash and restricted cash

Cash comprises cash on hand and bank balances. Restricted cash includes amounts held in bank accounts in the Provinces of British Columbia, Alberta and Ontario secured from gaming activities and other designated funds.

Revenue recognition

Muscular Dystrophy Canada follows the deferral method of accounting for contributions. Designated contributions are recognized as revenue in the year in which the related expenditures are incurred. Undesignated contributions are recognized in revenue when received. Endowment contributions are recognized as direct increases in net assets.

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Designated investment income is recognized as revenue in the year in which the related expenses are incurred. Undesignated investment income is recognized as revenue when earned. Investment income allocated to the endowment assets is recognized as undesignated income. Investment income allocated to endowment funds in excess of that spent in the current year is added to the endowment funds. Donated insurance premiums are recognized as revenue in the year received.

Funds received related to events that have not occurred are recorded as deferred revenue and recognized as revenue when the event takes place.

Unrestricted government grants are recognized as revenue in the year received.

Realized investment income, including interest income, is recognized as revenue when earned.

Foreign currency translation

The fair values of foreign currency denominated investments included in the statement of financial position are translated into Canadian dollars at year-end rates of exchange. Gains and losses arising from translations are included in the change in net unrealized gains.

Foreign currency denominated transactions are translated into Canadian dollars at the rates of exchange on the dates of the related transactions.

Allocation of expenditures

Muscular Dystrophy Canada engages in providing research, support and advocacy, equipment funding and public education services. The costs of each service include the costs of personnel, premises and other expenses that are directly related to providing the services.

Expenditures have been charged to programs and services, fundraising and administration according to the activity to which they relate or benefit. Expenditures relating to or benefitting more than one activity are allocated on a predetermined basis, which management reviews on an ongoing basis. Thus, certain salaries and benefits are allocated based on management's estimated percentage of time spent and certain operational expenses are allocated based on the square footage being used by each functional unit. Central services expenses are allocated to fundraising programs and services based on estimated usage.

Research grants

Commitments for research grants, which are payable over a specified number of years, are included in expenditures in the year the Board approves the commitment. Allocations to research on an annual basis are made from the Neuromuscular Research Fund deferred contribution balance.

Research commitments made under these research partnerships are made directly to the institutions that support the research activity.

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Capital assets

Capital assets, which are initially recorded at cost, are amortized on a straight-line basis over their estimated useful lives as follows:

Information technology	20%
Furniture and equipment	20%
Leasehold improvements	over term of lease

Muscular Dystrophy Canada reviews the carrying amounts of its long-lived assets regularly. If the long-lived assets no longer have any long-term service potential to Muscular Dystrophy Canada, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenditures.

Leases, rent expense and deferred lease inducements

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of revenue and expenditures and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

Deferred lease inducements represent cash benefits Muscular Dystrophy Canada has received from the landlord pursuant to the building lease agreement. Lease inducements received are amortized over the term of the related lease agreement. The unamortized portion of lease inducements is included in deferred revenue.

Contributed goods and services

Volunteers contribute a significant amount of time to assist Muscular Dystrophy Canada in carrying out its activities. Because of the difficulty in determining its fair value, contributed time is not recognized in the financial statements.

Contributed goods and gifts-in-kind, for which fair value has been determined and receipts have been issued, are recorded at fair value at the time of receipt.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Muscular Dystrophy Canada subsequently measures all its financial assets and financial liabilities at amortized cost, except for short-term and long-term investments which are measured at fair value. Changes in the fair value are recognized in the statement of revenue and expenditures.

Financial assets measured at amortized costs include cash and restricted cash and amounts receivable. Short-term and long-term investments are measured at fair value including fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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Financial assets, other than those measured at fair value, are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

Use of estimates

The preparation of these financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2 Restricted cash

Restricted cash includes amounts held in bank accounts in the Provinces of British Columbia, Alberta and Ontario secured from gaming activities and other designated funds. The monies are restricted to eligible expenditures to be made to benefit persons with neuromuscular disorders residing in the province where the proceeds were received. Funds are transferred to the general operating bank account based on proof of payment of such eligible expenditures.

3 Short-term investments

	2014		2013	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Money market	84,460	84,521	329,619	330,161
Short-term bond fund	834,279	836,611	826,765	827,452
	<u>918,739</u>	<u>921,132</u>	<u>1,156,384</u>	<u>1,157,613</u>

The fixed income securities bear a yield to maturity of nil% to 4.20% (2013 - nil% to 4.71%) with staggered maturity dates from April 10, 2014 to June 1, 2017 (2013 - June 3, 2013 to December 22, 2014).

4 Long-term investments

	2014		2013	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Cash and cash equivalents	741,681	739,212	784,714	784,426
Fixed income	2,801,978	2,850,776	1,448,900	1,511,741
Canadian equities	811,604	1,175,602	831,707	951,275
Foreign equities	983,720	1,488,946	848,598	1,122,556
	<u>5,338,983</u>	<u>6,254,536</u>	<u>3,913,919</u>	<u>4,369,998</u>
Life insurance	81,826	14,618	81,826	14,618
	<u>5,420,809</u>	<u>6,269,154</u>	<u>3,995,745</u>	<u>4,384,616</u>

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The fixed income securities bear a yield to maturity from 2.25% to 5.26% (2013 - nil% to 5.00%) with staggered maturity dates from November 17, 2014 to November 12, 2019 (2013 - July 18, 2013 to March 8, 2017).

5 Capital assets

	2014		
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Information technology	457,311	264,052	193,259
Furniture and equipment	39,822	15,565	24,257
Leasehold improvements	111,250	92,010	19,240
	<hr/> 608,383	<hr/> 371,627	<hr/> 236,756
			<hr/> 2013 <hr/>
	Cost	Accumulated	Net
	\$	amortization	\$
		\$	
Information technology	454,172	222,721	231,451
Furniture and equipment	36,315	17,914	18,401
Leasehold improvements	102,445	68,474	33,971
	<hr/> 592,932	<hr/> 309,109	<hr/> 283,823

In the current year, \$48,458 (2013 - \$48,388) worth of fully amortized capital assets has been removed from the cost and accumulated amortization balances.

6 Deferred contributions

Deferred contributions represent unspent resources externally designated for specific purposes. Muscular Dystrophy Canada classifies these deferred contributions as neuromuscular research, services, education or British Columbia gaming, depending on the designation of the resource as defined by the external donor.

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Changes in the deferred contributions balance are as follows:

	2014				
	Neuromuscular research \$	Services \$	Education \$	British Columbia gaming \$	Total \$
Balance - Beginning of year	1,990,599	761,583	228,228	537,118	3,517,528
Amounts received during the year	825,427	1,440,545	104,605	247,600	2,618,177
Amortization of deferred contributions during the year	(488,675)	(789,475)	(157,920)	(449,954)	(1,886,024)
Balance - End of year	<u>2,327,351</u>	<u>1,412,653</u>	<u>174,913</u>	<u>334,764</u>	<u>4,249,681</u>
	2013				
	Neuromuscular research \$	Services \$	Education \$	British Columbia gaming \$	Total \$
Balance - Beginning of year	1,533,406	919,972	279,861	580,654	3,313,893
Amounts received during the year	1,260,057	939,265	140,293	391,250	2,730,865
Amortization of deferred contributions during the year	(802,864)	(1,097,654)	(191,926)	(434,786)	(2,527,230)
Balance - End of year	<u>1,990,599</u>	<u>761,583</u>	<u>228,228</u>	<u>537,118</u>	<u>3,517,528</u>

Details of fundraising revenue are as follows:

	2014 \$	2013 \$
General campaign and donations	9,395,039	9,806,411
Bequests	1,500,657	415,713
Government grants	90,872	129,912
	<u>10,986,568</u>	<u>10,352,036</u>
Less: Designated funds not spent	(723,371)	(186,832)
Fundraising revenue	<u>10,263,197</u>	<u>10,165,204</u>

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Details of British Columbia gaming deferred contributions are as follows:

	2014		
	Fraser Valley Chapter	British Columbia Chapter	Total
	\$	\$	\$
Amount received	26	247,574	247,600
Expenditures			
Programs and services			
Equipment	-	312,819	312,819
Advocacy, education information and support	-	73,559	73,559
Program and services operating support	-	63,566	63,566
	-	449,944	449,944
Excess (deficiency) of amount received over expenditures for the year	26	(202,370)	(202,344)
	2013		
	Fraser Valley Chapter	British Columbia Chapter	Total
	\$	\$	\$
Amount received	27	391,223	391,250
Expenditures			
Programs and services			
Equipment	-	335,256	335,256
Advocacy, education information and support	-	34,747	34,747
Program and services operating support	-	64,783	64,783
	-	434,786	434,786
Excess (deficiency) of amount received over expenditures for the year	27	(43,563)	(43,536)

7 Deferred revenue

The changes for the year in deferred revenue balance are as follows:

	2014	2013
	\$	\$
Balance - Beginning of year	207,383	211,082
Amortization of revenue during the year	(203,510)	(202,561)
Amounts received during the year	207,626	198,862
Balance - End of year	211,499	207,383

Included within deferred revenue balance at year-end is \$3,873 (2013 - \$8,520) with respect to deferred lease inducements.

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8 Disclosure in compliance with the Imagine Canada Ethical Fundraising and Financial Accountability Code

Muscular Dystrophy Canada's governing board has adopted the Ethical Fundraising and Financial Accountability Code of Imagine Canada.

	2014 \$	2013 \$
Total fundraising revenue	10,263,197	10,165,204
Total direct costs and fundraising expenses	3,983,130	4,081,173
Total donations received for tax purposes	3,697,085	4,172,669
Total expenditures on charitable activities	3,876,243	4,439,883

9 Allocation of expenses

Salaries and benefits and certain operational expenses, such as rent and capital maintenance, have been allocated as follows:

	2014			2013		
	Salaries and benefits \$	Operational expenses \$	Total \$	Salaries and benefits \$	Operational expenses \$	Total \$
Central service allocated expenses						
Fundraising operating support	611,436	436,799	1,048,235	588,836	458,912	1,047,748
Services operating support	263,648	180,509	444,157	204,482	167,523	372,005
Other						
Fundraising	-	257,347	257,347	-	279,823	279,823
Services, education and information services and other programs	-	149,576	149,576	-	155,771	155,771
	875,084	1,024,231	1,899,315	793,318	1,062,029	1,855,347

Other operational expenses are included in fundraising expenses and services expenses.

10 Interfund transfer

Muscular Dystrophy Canada's Board approved an appropriation relating to fiscal 2014 of \$962,339 (2013 - \$402,500) from the unrestricted fund to the internally restricted invested in Board Approved Priorities fund.

Muscular Dystrophy Canada's Board approved an appropriation relating to fiscal 2014 of \$34,929 (2013 - \$37,021) from the unrestricted fund to the internally restricted for endowment purposes fund.

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11 Government remittances

Government remittances consist of harmonized sales tax and provincial sales tax required to be paid to government authorities and are recognized when the amounts come due. In respect of government remittances, \$139,521 (2013 - \$147,886) is included within amounts receivable.

12 Pension plan

Muscular Dystrophy Canada has a defined contribution pension plan. Under the terms of the plan, eligible employees contribute a range of 2% to 5% of their earnings. Muscular Dystrophy Canada is required to match the employees' contributions. Employer contributions for the year were \$127,359 (2013 - \$108,447) and employee contributions were \$127,359 (2013 - \$108,447).

13 Commitments

Muscular Dystrophy Canada rents office space under the terms of various operating lease agreements that have aggregate minimum annual lease payments, exclusive of operating costs and realty taxes, as follows:

	\$
2015	239,011
2016	246,241
2017	159,024
2018	130,578
2019	129,243
Thereafter	<u>737,156</u>
	<u>1,641,253</u>

In relation to these leases, Muscular Dystrophy Canada has agreed to indemnify the landlord against losses occurring on the leased premises, which may arise out of a breach of the lease agreement.

14 Financial instrument risk

Muscular Dystrophy Canada holds securities subject to market price risk, credit risk, interest rate risk, liquidity risk and foreign currency risk.

Market price risk

Market price risk is the risk the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuers or all factors affecting all instruments traded in the market. As all of Muscular Dystrophy Canada's financial instruments are carried at fair value with fair value changes recognized in the statement of revenue and expenditures, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed through construction of a diversified portfolio of instruments traded on various markets and across various industries.

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Credit risk

Financial instruments that potentially subject Muscular Dystrophy Canada to concentrations of credit risk are cash and investments. Muscular Dystrophy Canada places its cash in interest bearing accounts and instruments insured by a Canadian chartered bank, or in highly liquid investments that are readily convertible into known amounts of cash.

Interest rate risk

Interest rate risk arises from the possibility changes in interest rates will affect the value of fixed income securities held by Muscular Dystrophy Canada. Muscular Dystrophy Canada manages this risk by holding fixed income government bonds and guaranteed investment certificates and by staggering the terms of the investments held.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All of Muscular Dystrophy Canada's investments are considered to be readily realizable, as they can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements.

Foreign currency risk

Foreign currency risk is the risk the value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Muscular Dystrophy Canada invests in financial instruments and enters into transactions denominated in various foreign currencies other than its measurement currencies. Consequently, Muscular Dystrophy Canada is exposed to risks the exchange rate of the various currencies may change in a manner that will have an adverse effect on the value of the portion of Muscular Dystrophy Canada's assets denominated in currencies other than the Canadian dollar. Currently, the only other currency in which Muscular Dystrophy Canada holds investments is the US dollar.

15 Contingencies

From time to time, lawsuits and claims have been brought against Muscular Dystrophy Canada. Muscular Dystrophy Canada vigorously contests such lawsuits and claims and management believes any resulting outcome would not have a material effect on the financial position or the statement of revenue and expenditures of Muscular Dystrophy Canada.

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16 Commitments for research grants

Muscular Dystrophy Canada issued commitments for research grants to institutions that support Neuromuscular research activities, which are payable over a specified number of years as follows:

	\$
2015	458,033
2016	226,875
2017	<u>116,296</u>
	<u>801,204</u>

In relation to these research grants made under the research partnerships, commitments are made directly to the institutions that support the research activity.

17 Indemnification of officers and directors

Muscular Dystrophy Canada has indemnified its past, present and future directors, officers, employees and volunteers against expenses, judgments 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 Muscular Dystrophy Canada. The nature of the indemnity prevents Muscular Dystrophy Canada from reasonably estimating the maximum exposure. Muscular Dystrophy Canada has purchased directors' and officers' liability insurance with respect to this indemnification.