

Financial statements of

**Muscular Dystrophy Canada**

March 31, 2017

# Muscular Dystrophy Canada

March 31, 2017

## Table of contents

Independent Auditor's Report ..... 1-2

Statement of financial position ..... 3

Statement of revenue and expenditures ..... 4

Statement of changes in net assets ..... 5

Statement of cash flows ..... 6

Notes to the financial statements ..... 7-15

## 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, 2017, 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.

**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 and I Can Leadership Campaign, (deficiency) excess of revenue over expenditures and cash flows from operations for the years ended March 31, 2017 and March 31, 2016, current assets as at March 31, 2017 and March 31, 2016 and net assets as at the beginning and the end of the years ended March 31, 2017 and March 31, 2016.

**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, 2017 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.

**Other Matter**

The statement of financial position as at March 31, 2016 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended were audited by another auditor who issued a qualified opinion on June 28, 2016.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
June 22, 2017

# Muscular Dystrophy Canada

## Statement of financial position

as at March 31, 2017

	2017	2016
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	1,672,537	2,286,898
Restricted cash (Note 2)	553,451	461,461
Short-term investments (Note 3)	811,382	838,515
Amounts receivable	182,575	150,681
Prepaid expenses and supplies	251,487	334,562
	<b>3,471,432</b>	<b>4,072,117</b>
Long-term investments (Note 4)	7,591,249	7,054,124
Capital assets (Note 5)	296,311	372,545
	<b>11,358,992</b>	<b>11,498,786</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,356,424	1,043,536
Deferred revenue (Note 7)	113,083	215,977
Commitments for research grants (Note 16)	260,000	215,381
	<b>1,729,507</b>	<b>1,474,894</b>
Long-term commitments for research grants (Note 16)	360,000	120,000
Deferred contributions related to (Note 6)		
Neuromuscular research	2,257,877	2,577,063
Services	1,327,357	1,558,748
Education	179,597	267,822
British Columbia gaming	277,085	253,114
	<b>4,041,916</b>	<b>4,656,747</b>
	<b>6,131,423</b>	<b>6,251,641</b>
<b>Net assets</b>		
Restricted for endowment purposes	869,420	834,426
Invested in Board Approved Priorities	983,085	1,103,746
Invested in capital assets	296,311	372,545
Unrestricted	3,078,753	2,936,428
	<b>5,227,569</b>	<b>5,247,145</b>
	<b>11,358,992</b>	<b>11,498,786</b>

Approved by the Board of Directors

 Director

 Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# Muscular Dystrophy Canada

## Statement of revenue and expenditures

### year ended March 31, 2017

	2017	2016
	\$	\$
<b>Revenue (Note 6)</b>		
General campaign and donations	8,625,269	8,687,444
I Can Leadership Campaign	13,059	34,677
Other revenue	1,608,157	573,907
	<b>10,246,485</b>	<b>9,296,028</b>
Investment and sundry income	231,306	233,762
	<b>10,477,791</b>	<b>9,529,790</b>
<b>Expenditures</b>		
Fundraising (Notes 8 and 9)	3,835,983	4,197,458
Fundraising operating support (Note 9)	1,441,053	1,219,940
	<b>5,277,036</b>	<b>5,417,398</b>
Volunteer support and governance	486,832	433,804
	<b>5,763,868</b>	<b>5,851,202</b>
<b>Net funds available for programs and services</b>	<b>4,713,923</b>	<b>3,678,588</b>
<b>Programs and services</b>		
Research programs	863,512	533,195
Services	1,573,781	1,307,592
Education and information services	925,746	1,038,332
Other programs	288,180	265,156
Services operating support	647,429	548,089
	<b>4,298,648</b>	<b>3,692,364</b>
<b>Excess (deficiency) of revenue over expenditures before the</b>		
<b>undernoted</b>	<b>415,275</b>	<b>(13,776)</b>
Amortization of capital assets	(119,386)	(128,193)
Change in fair value of investments	408,535	(108,888)
Excess (deficiency) of revenue over expenditures for the year before	704,424	(250,857)
Restructuring costs (note 17)	(724,000)	-
<b>Deficiency of revenue over expenditures for the year</b>	<b>(19,576)</b>	<b>(250,857)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Muscular Dystrophy Canada

## Statement of changes in net assets year ended March 31, 2017

	2017				
	Invested in Board Approved priorities	Restricted for endowment purposes	Invested in capital assets	Unrestricted	Total
	\$	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	1,103,746	834,426	372,545	2,936,428	5,247,145
(Deficiency) excess of revenue over expenditures for the year	(120,661)	-	(119,386)	220,471	(19,576)
Purchase of capital assets	-	-	43,152	(43,152)	-
Interfund transfer (Note 10)	-	34,994	-	(34,994)	-
<b>Invested in net assets, end of year</b>	<b>983,085</b>	<b>869,420</b>	<b>296,311</b>	<b>3,078,753</b>	<b>5,227,569</b>

	2016				
	Invested in Board Approved priorities	Restricted for endowment purposes	Invested in capital assets	Unrestricted	Total
	\$	\$	\$	\$	\$
<b>Net assets, beginning of year</b>	990,773	805,481	351,626	3,350,122	5,498,002
(Deficiency) excess of revenue over expenditures for the year	(252,564)	(5,600)	(128,192)	135,499	(250,857)
Purchase of capital assets	-	-	149,111	(149,111)	-
Interfund transfer (Note 10)	365,537	34,545	-	(400,082)	-
<b>Invested in net assets, end of year</b>	<b>1,103,746</b>	<b>834,426</b>	<b>372,545</b>	<b>2,936,428</b>	<b>5,247,145</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# Muscular Dystrophy Canada

## Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenditures for the year	(19,576)	(250,857)
Items not involving cash		
Amortization of capital assets	119,386	128,192
Change in fair value of investments - realized gains	(168,056)	(116,259)
Change in fair value of investments - unrealized (gains) losses	(240,479)	225,147
	<b>(308,725)</b>	<b>(13,777)</b>
Changes in non-cash working capital		
(Increase) decrease in amounts receivable	(31,894)	512
Decrease (increase) in prepaid expenses and supplies	83,075	(57,951)
Increase in accounts payable and accrued liabilities	312,888	130,181
Decrease in deferred revenue	(102,894)	(32,235)
Increase (decrease) in commitments for research grants	284,619	(356,633)
(Decrease) increase in deferred contributions	(614,831)	537,267
	<b>(377,762)</b>	<b>207,364</b>
<b>Investing activities</b>		
Purchase (sale) of investments, net	(101,457)	83,529
Purchase of capital assets	(43,152)	(149,111)
	<b>(144,609)</b>	<b>(65,582)</b>
(Decrease) increase in cash and restricted cash during the year	(522,371)	141,782
Cash and restricted cash, beginning of year	2,748,359	2,606,577
<b>Cash and restricted cash, end of year</b>	<b>2,225,988</b>	<b>2,748,359</b>
<b>Cash and restricted cash represented by</b>		
Cash	1,672,537	2,286,898
Restricted cash	553,451	461,461
	<b>2,225,988</b>	<b>2,748,359</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

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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). On August 28, 2014, Muscular Dystrophy Canada was granted continuance under the Canada Not-for-Profit Corporations Act. 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.
- 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, Saskatchewan, Manitoba 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.

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.

Investment income, including interest income, is recognized as revenue when earned.

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

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### 1. Summary of significant accounting policies (continued)

#### *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.

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

#### *Capital assets*

Capital assets, which are initially recorded at cost, are amortized on the 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 whereby 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 deferred revenue. Lease inducements are deferred and amortized on the straight-line basis over the term of the related lease.

#### *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 (including fixed income 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 cost include cash and restricted cash and amounts receivable.

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

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### 1. Summary of significant accounting policies (continued)

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, commitments for research grants and equipment purchases for Muscular Dystrophy Canada's registered clients.

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

#### *Short-term and long-term investments*

Muscular Dystrophy Canada classifies its short-term and long-term investments based on intention for use, rather than the composition and maturity dates of the underlying investments. Although Muscular Dystrophy Canada has the ability to liquidate a portion of the long-term investments at any given time based on their composition, in substance management intends to hold the long-term investments for a period greater than one year, to earn investment income. Long-term investments are held solely for earning investment income and are not held for operating purposes. The proceeds from the sale of long-term investments are not withdrawn from the investment portfolios; instead they are reinvested to purchase additional investments to be held for the purpose of earning investment income.

#### *Cash surrender value of life insurance*

The life insurance policy is initially measured at the cash surrender value, as the fair value cannot be reasonably estimated. Subsequently, the life insurance policy is held at cash surrender value. Changes in cash surrender value are recognized in the statement of revenue and expenditures.

#### *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, Saskatchewan, Manitoba 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

	2017		2016	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Treasury Bills	22,246	22,246	125,050	125,055
High interest savings account	792,316	789,136	713,673	713,460
	<b>814,562</b>	<b>811,382</b>	<b>838,723</b>	<b>838,515</b>

The treasury bills bear a yield to maturity of 1.9% (2016 - 1.6%) with a maturity date of June 15, 2017 (2016 - April 21, 2016).

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

### 4. Long-term investments

	2017		2016	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	595,579	595,579	217,412	217,506
Fixed income	3,383,263	3,272,620	3,384,609	3,303,197
Canadian equities	1,302,221	1,801,632	1,336,583	1,669,920
Foreign equities	1,144,032	1,911,614	1,152,808	1,848,883
	6,425,095	7,581,445	6,091,412	7,039,506
Cash surrender value of life insurance	59,535	9,804	81,826	14,618
	6,484,630	7,591,249	6,173,238	7,054,124

Muscular Dystrophy Canada is the beneficiary of life insurance policies for a previous board member and three donors. The cash surrender value of the life insurance policies are recorded as an asset at the value determined by the underwriters of the policies. The total amount receivable on death of the insured persons is \$9,804 (2016 - \$14,618).

### 5. Capital assets

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Information technology	577,799	412,627	165,172	234,557
Furniture and equipment	115,607	58,049	57,558	58,348
Leasehold improvements	101,087	27,506	73,581	79,640
	794,493	498,182	296,311	372,545

In the current year, \$Nil (2016 - \$175,925) 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.

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

### 6. Deferred contributions (continued)

Changes in the deferred contributions balance are as follows:

					2017	2016
	Neuromuscular Research	Services	Education	British Columbia Gaming	Total	Total
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	2,577,063	1,558,748	267,822	253,114	4,656,747	4,119,480
Amounts received during the year	468,682	834,437	68,911	286,149	1,658,179	2,120,658
Amortization of deferred contributions during the year	(787,868)	(1,065,828)	(157,136)	(262,178)	(2,273,010)	(1,583,391)
Balance, end of year	2,257,877	1,327,357	179,597	277,085	4,041,916	4,656,747

Details of fundraising revenue are as follows:

	2017	2016
	\$	\$
General campaign and donations	8,545,796	8,808,844
I Can Leadership Campaign	43,311	118,086
Other revenue	1,042,547	904,959
Funds raised during the year	9,631,654	9,831,889
Transfer of deferred contributions (deferral of funds raised during the year)	614,831	(535,861)
Fundraising revenue	10,246,485	9,296,028

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

### 6. Deferred contributions (continued)

Details of British Columbia gaming deferred contributions are as follows:

			2017	2016
	Fraser Valley Chapter	British Columbia Chapter	Total	Total
	\$	\$	\$	\$
Amount received	16	286,133	286,149	338,149
Expenditures				
Programs and services				
Equipment	-	139,198	139,198	177,321
Advocacy, education information and support	-	61,362	61,362	123,829
Program and services operating support	-	61,618	61,618	69,100
	-	262,178	262,178	370,250
Excess (deficiency) of amount received over expenditures for the year	16	23,955	23,971	(32,101)

### 7. Deferred revenue

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

	2017	2016
	\$	\$
Balance, beginning of year	215,977	248,212
Amortization of revenue during the year	(215,977)	(248,212)
Amounts received during the year	113,083	215,977
Balance, end of year	113,083	215,977

Included within deferred revenue balance at year-end is \$37,857 (2016 - \$37,857) with respect to deferred lease inducements.

### 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.

	2017	2016
	\$	\$
Total fundraising revenue	10,246,485	9,296,028
Total fundraising expenses	3,835,983	4,197,458
Total donations receipted for tax purposes	3,826,567	3,778,679
Total expenditures on charitable activities	4,298,648	3,686,764

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

### 9. Allocation of expenses

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

	2017			2016		
	Salaries and benefits	Operational expenses	Total	Salaries and benefits	Operational expenses	Total
	\$	\$	\$	\$	\$	\$
Central service allocated expenses						
Fundraising operating support	641,434	799,619	1,441,053	663,931	556,009	1,219,940
Services operating support	288,180	359,249	647,429	298,288	249,801	548,089
Regional other						
Fundraising	-	260,456	260,456	-	268,871	268,871
Other programs	-	139,635	139,635	-	160,232	160,232
	929,614	1,558,959	2,488,573	962,219	1,234,913	2,197,132

Regional other expenses are included in fundraising expenses and services expenses.

### 10. Interfund transfer

Muscular Dystrophy Canada's Board approved an appropriation relating to fiscal 2017 of \$Nil (2016 - \$365,537) 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 2017 of \$34,994 (2016 - \$34,545) from the unrestricted fund to the internally restricted for endowment purposes fund.

### 11. Government remittances

Government remittances consist of harmonized sales tax, provincial sales tax and payroll taxes payable and amounted to \$ 695 as at March 31, 2017 (2016 - \$489).

### 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 \$138,469 (2016 - \$148,017) and employee contributions were \$138,469 (2016 - \$148,017).

# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

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### 13. Commitments

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

	\$
2018	321,582
2019	304,500
2020	173,684
2021	147,114
2022	157,742
Thereafter	393,246
	<hr/> 1,497,868 <hr/>

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 short-term and long-term investments 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 investment 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.

#### *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.



# Muscular Dystrophy Canada

## Notes to the financial statements

March 31, 2017

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### 14. Financial instrument risk (continued)

#### *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.

### 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:

	\$
2018	260,000
2019	260,000
2020	100,000
	<hr/> 620,000

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

### 17. Restructuring costs

Muscular Dystrophy Canada incurred restructuring costs in relation to a reorganization of the organization to support a revised strategic plan and direction which has been adopted to increase operational efficiencies and ensure a greater percentage of revenue is invested directly in mission. The costs incurred included severance, legal and consulting expenses.

### 18. Comparative figures

Certain of the prior year comparative amounts related to the presentation of revenues and disclosure of government remittances have been reclassified to correspond to the current year's presentation.