

**MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
LES MÈRES CONTRE L'ALCOOL AU VOLANT (MADD CANADA)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011



James F Hyland

PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

**To the Members of
Mothers Against Drunk Driving (MADD Canada) -
Les Mères Contre L'Alcool au Volant (MADD Canada)**

I have audited the accompanying financial statements of **Mothers Against Drunk Driving (MADD Canada) – Les mères contre l'alcool au volant (MADD Canada)** which comprise the statement of financial position as at June 30, 2011, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my qualified audit opinion.

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INDEPENDENT AUDITOR'S REPORT, CONTINUED

Bases for qualified opinion

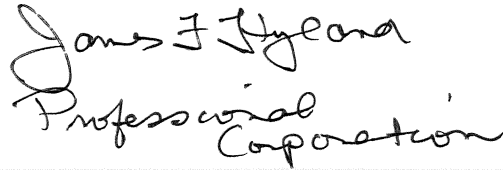
In common with many charitable organizations, the organization derives revenue from the general public as donations, memoriam and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the organization and I was not able to determine whether any adjustments might be necessary to revenue, deficiency of revenues over expenses, assets and net assets.

Qualified opinion

In my 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 Mothers Against Drunk Driving (MADD Canada) – Les mères contre l'alcool au volant (MADD Canada) as at June 30, 2011, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

In accordance with the Canada Corporations Act, I report that, in my opinion, the accounting principles used in the preparation of these financial statements have been applied on a basis consistent with that of the preceding year.

Handwritten signature of James F Hyland Professional Corporation in black ink.

Mississauga, Ontario
September 7, 2011

James F Hyland Professional Corporation
Chartered Accountant
Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
LES MÈRES CONTRE L'ALCOOL AU VOLANT (MADD CANADA)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2011

	2011	2010
	\$	\$
ASSETS		
Current assets		
Cash	1,971,529	2,394,435
Short-term investments (note 4)	317,609	1,612,581
Accounts and other receivables	222,110	188,780
Prepaid expenses (note 5)	438,807	330,887
	2,950,055	4,526,683
Long-term investments (note 4)	1,158,000	10,500
Victim bursary investments (note 6)	360,907	357,491
Property, plant and equipment (note 7)	40,933	22,531
	4,509,895	4,917,205
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	343,230	834,729
Deferred contributions (note 8)	1,142,058	1,057,772
	1,485,288	1,892,501
Net assets		
Internally restricted – victim bursary (note 6)	360,907	357,491
Unrestricted	2,663,700	2,667,213
	3,024,607	3,024,704
	4,509,895	4,917,205

See accompanying notes

On behalf of the Board of Directors:



Mr. Wayne Kauffeldt
Chairperson



Mr. Brian Westlake
Chair of the Finance Committee

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
LES MÈRES CONTRE L'ALCOOL AU VOLANT (MADD CANADA)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	\$	\$
Revenues		
Public outreach campaigns	3,075,491	3,130,821
Corporate gifts	2,107,117	1,143,056
Donations	842,088	871,464
Government grants	117,420	182,427
Foundation grants	116,770	174,375
Other revenues	108,461	75,259
Investment income	72,445	99,244
Youth programs	60,050	213,410
	6,499,842	5,890,056
Expenses		
Programs		
Public education, public awareness and research	2,563,514	3,845,267
Youth	1,131,469	988,167
Victim services	610,124	756,547
	4,305,107	5,589,981
Public outreach campaigns (fundraising) (note 9)	1,751,570	2,244,185
General and administration	443,262	427,694
	2,194,832	2,671,879
	6,499,939	8,261,860
Excess (deficiency) of revenues over expenses (note 10)	(97)	(2,371,804)

See accompanying notes

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
LES MÈRES CONTRE L'ALCOOL AU VOLANT (MADD CANADA)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Internally Restricted Victim Bursary \$	Unrestricted \$	2011 Total \$	2010 Total \$
Net assets, beginning of year	357,491	2,667,213	3,024,704	5,396,508
Excess (deficiency) of revenues over expenses	3,416	(3,513)	(97)	(2,371,804)
Net assets, end of year	360,907	2,663,700	3,024,607	3,024,704

See accompanying notes

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
LES MÈRES CONTRE L'ALCOOL AU VOLANT (MADD CANADA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	\$	\$
Cash provided by (used for) operating activities		
Excess (deficiency) of revenues over expenses	(97)	(2,371,804)
Charges not requiring cash:		
Amortization (note 7)	59,861	34,418
Changes in non-cash working capital components:		
Accounts and other receivables	(33,330)	42,215
Prepaid expenses	(107,920)	(24,747)
Accounts payable and accrued liabilities	(491,499)	424,505
Deferred contributions	84,286	567,174
	(488,699)	(1,328,239)
Investing activities		
Purchase of property, plant and equipment	(78,263)	(27,300)
Short-term and long-term investments	147,472	1,727,948
Victim bursary investment	(3,416)	6,922
	65,793	1,707,570
Change in cash	(422,906)	379,331
Cash, beginning of year	2,394,435	2,015,104
Cash, end of year	1,971,529	2,394,435

See accompanying notes

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
LES MÈRES CONTRE L'ALCOOL AU VOLANT (MADD CANADA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. ORGANIZATION

Mothers Against Drunk Driving (MADD Canada) – Les mères contre l'alcool au volant (MADD Canada) is a national grassroots organization founded in 1990, whose mission is to stop impaired driving and to support victims of this violent crime. MADD Canada's primary objectives include offering support services to victims, heightening awareness of the dangers of impaired driving and saving lives and preventing injuries on our roads and waterways. The organization has an extensive network of chapters, community leaders, members and volunteers promoting the mission of MADD Canada.

MADD Canada is incorporated under the Canada Corporations Act as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act and is able to issue donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and represent the financial activities of MADD Canada's national office, chapters and community leaders.

b) Short-term, long-term and victim bursary investments

Investments are classified as held to maturity and stated at their amortized value.

The organization does not enter into any derivative financial instrument arrangements for hedging or speculative purposes.

c) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized on a straight-line basis over the following periods:

Youth Multi-Media – vehicles & equipment	-	2 years
Equipment	-	2 years
Computer hardware	-	2 years

Donated property, plant and equipment are recorded at their fair value at acquisition date when this value can be reasonably estimated.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

2. **SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

d) Revenue recognition

MADD Canada uses the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from the Youth Multi-Media program, which makes assembly presentations to young Canadians, is recognized as presentations occur.

Investment income, which includes interest and gains and losses on disposal, is recognized on an accrual basis.

Revenue from grants is recognized in the year in which the related expenses are incurred.

e) Expenses

MADD Canada classifies expenses by function. The cost of each function includes amounts for personnel, premises and other expenses. Where expenditure directly benefits more than one function, it is attributed on a reasonable basis. Certain materials acquired to assist recipients in delivering MADD Canada's message, have been allocated from public outreach campaigns (fundraising) to public education, public awareness and research.

The functions are:

i. Public education, public awareness and research

MADD Canada's public education, public awareness and research programs offer a diverse range of campaigns, materials and services which support MADD Canada's mission to prevent impaired driving and support victims of this violent crime. Programs such as Campaign 911 and Project Red Ribbon raise awareness about impaired driving and educate the public on how they can help reduce the incidence of impaired driving crashes. MADD Canada produces publications which inform about the state of impaired driving in Canada, examine the effectiveness of Canadian laws and legislation and support policy positions.

ii. Victim services

Thousands of Canadians are personally affected each year by impaired driving and MADD Canada reaches out to victims. Support includes assisting impaired driving victims and their families and friends, Victim Services Volunteer Training and the Annual National Victims' Weekend and Candlelight Vigil of Hope and Remembrance.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

iii. Youth programs

MADD Canada is committed to working with youth to help make our roads safer and reaches out to high school and elementary students and their families, teachers and mentors in targeting its message.

iv. Public outreach campaigns (fundraising)

Public outreach campaigns include contacting the public by mail and by phone. While raising funds to further MADD Canada's mission, these campaigns inform the public of ways to prevent impaired driving and available victim services, and educate youth on the consequences of impaired driving.

v. General and administration expenses

General and administration expenses are incurred to operate MADD Canada and its programs in a cost-effective manner and maximize opportunities to further MADD Canada's mission.

f) Contributed services

MADD Canada benefits from the services of over 7,500 volunteers. Accomplishing the objectives of the organization would not be possible without their dedication. Because of the difficulty in determining their fair market value, contributed services are not recorded in the financial statements.

g) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards for Not-for-Profit Organizations

In March 2011, the Canadian Institute of Chartered Accountants issued a set of new Canadian accounting standards for not-for-profit organizations, effective for fiscal periods beginning on or after January 1, 2012. The organization is currently assessing the impact of the adoption of these standards on its financial statements.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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4. SHORT-TERM AND LONG-TERM INVESTMENTS

Short-term investments are comprised of cashable, redeemable and non-redeemable guaranteed investment certificates, savings investments and bankers acceptances maturing at various dates from December 2011 to May 2012 at interest rates from .3% to 1.7%.

Long-term investments are comprised of guaranteed investment certificates maturing at various dates from November 2012 to February 2014 at interest rates from 1.85% to 2.71%.

5. PREPAID EXPENSES

Prepaid expenses consist of amounts incurred that provide economic benefits in future periods. They consist of:

	2011	2010
	\$	\$
Development costs of subsequent year's Youth Multi-Media presentation	326,000	199,000
Insurance, rent and other	112,807	131,887
	438,807	330,887

6. RESTRICTIONS ON NET ASSETS

Victim bursary

The victim bursary investment is comprised of a Province of Ontario bond and premium interest. The bond matures in June 2013 and yields 3.477%.

The organization's Board of Directors internally restricted these assets, plus related investment income, for the formation of a scholarship program for victims whose parent or legal guardian had died as a result of an impaired driving crash. These internally restricted amounts, and investment income generated by them, are not available for other purposes without approval of the Board of Directors.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	Cost	Accum. Amort.	2011 Net Book Value	2010 Net Book Value
	\$	\$	\$	\$
Youth Multi-Media vehicles and equipment	130,177	95,311	34,866	15,349
Equipment	61,563	57,974	3,589	4,945
Computer hardware	7,818	5,340	2,478	2,237
	<u>199,558</u>	<u>158,625</u>	<u>40,933</u>	<u>22,531</u>

The amortization expense for the year totalled \$59,861 (2010 - \$34,418).

8. DEFERRED CONTRIBUTIONS

Deferred contributions represent unexpended externally restricted contributions in accordance with MADD Canada's revenue recognition accounting policy for such contributions as discussed in note 2. Deferred revenue is comprised of the following:

	2011 \$	2010 \$
LCBO for Youth Multi-Media programs	967,618	892,876
Other deferred contributions	<u>174,440</u>	<u>164,896</u>
	<u>1,142,058</u>	<u>1,057,772</u>

The Liquor Control Board of Ontario (LCBO) contribution was made on the condition that it be spent in Ontario during the 2011/2012 school year for English and French Youth Multi-Media presentations.

Other deferred contributions represent externally restricted amounts from government agencies and corporations which had not been spent by year end.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

9. ALLOCATION OF EXPENSES

Public outreach campaigns (fundraising), which includes amounts paid to third party fundraisers and other fundraising costs, reported in the statement of operations of \$1,751,570 (2010 - \$2,244,185) are reported after allocation of \$100,686 (2010 - \$102,271) to the public education, public awareness and research programs. The allocation represents the cost of certain materials which are distributed by MADD Canada and are also included in direct mail campaigns. An important purpose of the materials is to assist recipients in accomplishing the programs' objectives.

10. PRIOR YEAR PLANNED DEFICIENCY AND CRA AGREEMENT

Several years ago, the Board of Directors provided direction to significantly reduce net assets through expenditures to enhance programs. In a subsequent agreement with Canada Revenue Agency (CRA), MADD Canada agreed to draw down on its combined national office and chapter net assets to \$3,300,000 by June 30, 2010 by over-expending on program related expenditures. MADD Canada provided CRA with information demonstrating that it has complied with the agreement at the end of June 30, 2010.

The 2010 deficit is a result of special non-recurring expenses on a series of projects which help MADD Canada meet its program objectives.

11. COMMITMENTS

The organization rents office premises for its national office under a lease which expires in September 30, 2015 and provides landlord inducements for the fiscal year 2011. The minimum annual lease payments are as follows:

	\$
Fiscal 2012	146,877
Fiscal 2013	147,303
Fiscal 2014	149,438
Fiscal 2015	149,438
Fiscal 2016	37,360

The organization also leases office equipment. These leases expire in October 2014 and payments are at an annual rate of \$23,793.

The organization also rents numerous small office premises for its chapters. The leases vary from month-to-month to terms not exceeding two years.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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NOTES TO THE FINANCIAL STATEMENTS
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12. FINANCIAL RISK MANAGEMENT POLICY

The organization manages its exposure to the risks associated with financial instruments that affect its operating and financial performance in accordance with its Risk Management Policy. The objective of the policy is to reduce volatility in cash flows and operating results.

a) Credit risk

Credit risk arises from the possibility of one of the parties defaulting on its financial obligations. The organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, which would cause it to incur a financial loss.

The total amount of cash, receivables and investments, measured at fair value, corresponds to the organization's maximum exposure to credit risk.

Cash and investments

Credit risk associated with cash and investments is minimized by depositing cash with Canadian chartered banks and investing in guaranteed investment certificates, savings investments, bankers acceptances and Province of Ontario Bonds. An on-going review is performed to evaluate changes in the status of investments under the organization's investment policy.

Receivables

Credit risk associated with receivables is minimal since the organization holds few accounts and other receivables.

b) Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they come due. It stems from the possibility of a delay in realizing the fair value of investments.

The organization manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash. Accounts payable and accrued liabilities are normally repaid within 30 days. Obligations reported as deferred revenue must be fulfilled within the next fiscal year.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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FOR THE YEAR ENDED JUNE 30, 2011

12. **FINANCIAL RISK MANAGEMENT POLICY, CONTINUED**

c) Market risk

The organization is exposed to market risks arising from changes in the fair value of financial instruments due to market price fluctuations. Market risks consist of currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in foreign exchange rates. The organization is not exposed to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument or the related future cash flows will fluctuate due to changes in market interest rates.

The organization is exposed to interest rate risk with regard to its cash and investments. The organization has no interest-bearing liability.

The organization's cash includes amounts on deposit with financial institutions that earn interest at the market rate.

The organization manages its exposure to the interest rate risk of its cash by minimizing its capital investment risks while achieving a satisfactory return and maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the organization's results of operations.

13. **TAX RECEIPTED DONATIONS**

The organization is a member of Imagine Canada and has adopted its Ethical Fundraising and Financial Accountability Code (the "Code"). All of the standards of the Code are disclosed in the financial statements, except for the disclosure of donations that are receipted for income tax purposes.

The amount of receipted donations for the year ended June 30, 2011 was not available at the time these statements were released. For the year ended June 30, 2010, the organization issued donation receipts for income tax purposes in the amount of \$3,402,462.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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NOTES TO THE FINANCIAL STATEMENTS
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14. CAPITAL DISCLOSURES

MADD Canada's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate as described in Note 1. It achieves its objectives by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its budgets. When necessary, the organization takes appropriate action to reduce expenditures or curtail programs when actual revenues do not meet its budget and alternate sources of revenue cannot be found.