

Financial Statements

**Mothers Against Drunk Driving (MADD
Canada)**

**Les mères contre l'alcool au volant (MADD
Canada)**

June 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of
Mothers Against Drunk Driving (MADD Canada)
Les mères contre l'alcool au volant (MADD Canada)

REPORT ON THE FINANCIAL STATEMENTS

We 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, 2015, 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 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.

Auditors' 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 auditors' 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 auditors consider 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 audit opinion.



Basis for qualified opinion

In common with many charitable organizations, the organization derives revenue from the general public as donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited of the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the 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, 2015, 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.

Toronto, Canada
September 9, 2015

Ernst + Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Mothers Against Drunk Driving (MADD Canada)
Les mères contre l'alcool au volant (MADD Canada)

STATEMENT OF FINANCIAL POSITION

As at June 30

	2015	2014
	\$	\$
ASSETS		
Current		
Cash	4,047,722	3,351,417
Accounts receivable	293,254	351,495
Other [note 3]	476,488	436,635
Total current assets	4,817,464	4,139,547
Non-current		
Investments [note 4]	2,187,728	2,064,660
Capital assets, net [note 6]	15,034	20,546
Total non-current assets	2,202,762	2,085,206
	7,020,226	6,224,753
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	272,201	454,370
Deferred contributions [note 7]	2,781,894	2,168,295
Total current liabilities	3,054,095	2,622,665
Commitments [note 9]		
Net assets		
Internally restricted – victim bursaries [note 5]	424,019	404,048
Unrestricted – National	2,101,773	1,841,980
Unrestricted – Chapters	1,440,339	1,356,060
Total net assets	3,966,131	3,602,088
	7,020,226	6,224,753

See accompanying notes

On behalf of the Board:



Director



Director

Mothers Against Drunk Driving (MADD Canada)
Les mères contre l'alcool au volant (MADD Canada)

STATEMENT OF OPERATIONS

Year ended June 30

	2015	2014
	\$	\$
REVENUE		
Gifts-in-kind <i>[note 11]</i>	24,319,479	10,680,586
Donations	4,006,523	3,882,734
Corporate gifts	3,254,603	3,107,168
Government grants	156,810	264,325
Nevada	154,755	114,610
School Assembly Program fees	29,900	31,249
Foundation grants	94,585	70,011
Investment income	198,659	183,825
Other	12,022	17,434
	32,227,336	18,351,942
EXPENSES <i>[note 8]</i>		
Program		
Public education, public awareness and research <i>[note 11]</i>	26,556,311	13,091,554
Youth	1,729,805	1,697,807
Victim services	694,426	818,029
	28,980,542	15,607,390
Public outreach campaigns (fundraising)	2,449,871	2,273,079
General and administration	432,880	424,901
	31,863,293	18,305,370
Excess of revenue over expenses for the year	364,043	46,572

See accompanying notes

Mothers Against Drunk Driving (MADD Canada)
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STATEMENT OF CHANGES IN NET ASSETS

Year ended June 30

	Internally Restricted – victim bursaries	Unrestricted – National	Unrestricted – Chapters	Total 2015	Total 2014
	\$	\$	\$	\$	\$
Net assets, beginning of year	404,048	1,841,980	1,356,060	3,602,088	3,555,516
Excess of revenue over expenses	—	279,764	84,279	364,043	46,572
Transfer to internally restricted net assets <i>[note 5]</i>	19,971	(19,971)	—	—	—
Net assets, end of year	424,019	2,101,773	1,440,339	3,966,131	3,602,088

See accompanying notes

Mothers Against Drunk Driving (MADD Canada)
Les mères contre l'alcool au volant (MADD Canada)

STATEMENT OF CASH FLOWS

Year ended June 30

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	364,043	46,572
Add (deduct) non-cash items		
Amortization	19,024	27,197
Gain on sale of capital assets	(706)	—
	382,361	73,769
Changes in non-cash working capital balances related to operations		
Accounts receivable	58,241	(113,622)
Other assets	(39,853)	31,808
Accounts payable and accrued liabilities	(182,169)	155,461
Deferred contributions	613,599	492,504
Cash provided by operating activities	832,179	639,920
INVESTING ACTIVITIES		
Net change in investments	(123,068)	(681,623)
Purchase of capital assets	(16,112)	(25,544)
Proceeds from sale of capital assets	3,306	—
Cash used in investing activities	(135,874)	(707,167)
Net increase (decrease) in cash during the year	696,305	(67,247)
Cash, beginning of year	3,351,417	3,418,664
Cash, end of year	4,047,722	3,351,417

See accompanying notes

**Mothers Against Drunk Driving (MADD Canada)
Les mères contre l'alcool au volant (MADD Canada)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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 has continued under the *Canada Not-for-Profit Corporations Act*, is registered as a charitable organization under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada [“CPA Canada”] Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

[a] Basis of presentation

These financial statements represent the financial activities of MADD Canada’s national office, chapters and community leaders.

[b] Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that MADD Canada designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis.

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[c] Other assets

Costs directly related to the development of future School Assembly Program presentations are presented as other assets when MADD Canada can reliably demonstrate that there is a future economic benefit associated with these costs. These costs are expensed over their useful life, which is the period over which the presentations occur. Such costs are expensed immediately when there is insufficient evidence that the costs are recoverable.

[d] Capital assets

Purchased capital assets are recorded at acquisition cost. Donated capital assets are recorded at their fair value at the acquisition date when this value can be reasonably estimated. Capital assets are being amortized over their estimated useful lives on a straight-line basis. The annual amortization rates are as follows:

School Assembly Program equipment	2 years
Equipment	2 years
Computer hardware	2 years
Furniture	2 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

[e] Revenue recognition

MADD Canada follows the deferral method of accounting for contributions, which include grants and donations. Grants and bequests are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Revenue from the School Assembly Program is recognized as presentations occur.

Investment income, which includes interest, dividends, unrealized and realized gains and losses, is recognized on an accrual basis in the statement of operations.

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[f] Allocation of expenses

MADD Canada classifies expenses by function. The cost of each function includes amounts for personnel, premises and other expenses. Where an expenditure directly benefits more than one function, it is attributed on a reasonable basis.

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 stop impaired driving and to 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 incidents of impaired driving crashes. MADD Canada produces publications that inform about the state of impaired driving in Canada, examine the effectiveness of Canadian laws and legislation and support policy positions.

[ii] 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, primarily through the School Assembly Program, in targeting its message.

[iii] 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 Conference for Victims of Impaired Driving and Candlelight Vigil of Hope and Remembrance.

[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, as well as about the programs that MADD Canada offers, including youth education.

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[v] General and administrative

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

[g] Contributed materials and services

MADD Canada records contributed materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

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 value, contributed services are not recorded in the financial statements.

3. OTHER ASSETS

Other assets consist of amounts incurred that provide economic benefits in future periods. They consist of the following:

	2015	2014
	\$	\$
Development costs of next year's School		
Assembly Program presentations	388,320	337,445
Insurance, rent and other	88,168	99,190
	476,488	436,635

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NOTES TO FINANCIAL STATEMENTS

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4. INVESTMENTS

[a] Investments consist of the following:

	Carrying value	2015 \$	2014 \$
Cash [b]	Market	4,217	9,162
Guaranteed investment certificates [c]	Amortized cost	312,006	420,529
Units in balanced pooled fund [d]	Market	1,871,505	1,634,969
		2,187,728	2,064,660

Since MADD Canada does not intend to use these funds in the next 12 months, they have been classified as long-term.

[b] Cash is held in a premium interest account at a Canadian chartered bank yielding prime less 2% [June 30, 2015 – 1%].

[c] The guaranteed investment certificates mature from November 2015 to February 2018 [2014 – November 2014 to June 2017]. The interest rates vary from 0.65% to 2.20% [2014 – 0.80% to 2.20%].

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[d] The asset mix of the balanced pooled fund is as follows:

	2015		2014	
	\$	%	\$	%
Fixed income				
Government	320,252	17	326,176	20
Corporate	196,283	10	139,790	8
	516,535	27	465,966	28
Equities				
Canadian	434,189	23	407,107	25
U.S.	402,374	22	354,788	22
Other international	305,055	16	243,611	15
	1,141,618	61	1,005,506	62
Cash and cash equivalents	162,821	9	120,988	7
Other investments	50,531	3	42,509	3
	1,871,505	100	1,634,969	100

[e] Investments are held for the following purposes:

	2015	2014
	\$	\$
Internally restricted net assets - victim bursaries	424,019	404,048
Other	1,763,709	1,660,612
	2,187,728	2,064,660

5. INTERNALLY RESTRICTED NET ASSETS - VICTIM BURSARIES

MADD Canada's Board of Directors has internally restricted an amount of net assets for the formation of a scholarship program for victims whose parent, sibling or legal guardian has died as a result of an impaired driving crash. These internally restricted amounts, and investment income generated by the investments held for these amounts, are not available for other purposes without approval of the Board of Directors.

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NOTES TO FINANCIAL STATEMENTS

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6. CAPITAL ASSETS

Capital assets consist of the following:

	2015		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
School Assembly Program equipment	91,691	90,232	1,459
Equipment	66,505	56,609	9,896
Computer hardware	17,659	13,980	3,679
Furniture	7,748	7,748	—
	183,603	168,569	15,034

	2014		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
School Assembly Program equipment	88,773	86,564	2,209
Equipment	55,912	53,311	2,601
Computer hardware	17,658	5,150	12,508
Furniture	7,748	4,520	3,228
	170,091	149,545	20,546

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent unexpended externally restricted contributions for program expenses in future years. The continuity of deferred contributions is as follows:

	2015	2014
	\$	\$
Balance, beginning of year	2,168,295	1,675,791
Amounts received during the year	2,775,408	2,159,971
Amounts recognized as revenue during the year	(2,161,809)	(1,667,467)
Balance, end of year	2,781,894	2,168,295

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Deferred contributions consist of funds held for the following purposes:

	2015	2014
	\$	\$
LCBO for School Assembly Programs	2,494,919	1,956,372
Other	286,975	211,923
	2,781,894	2,168,295

The Liquor Control Board of Ontario ["LCBO"] contribution was made on the condition that it be used in Ontario during the next school year for English and French School Assembly Programs.

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

8. ALLOCATION OF EXPENSES

Certain common operating expenses are allocated to functions reported in the statement of operations as follows:

	2015	2014
	\$	\$
Public education, public awareness and research	167,893	159,229
Youth	108,867	106,152
Victim services	34,993	34,120
Public outreach campaigns (fundraising)	23,329	22,747
	335,082	322,248

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NOTES TO FINANCIAL STATEMENTS

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9. COMMITMENTS

MADD Canada rents office premises for its national office under a lease which expires on September 30, 2025. The future minimum annual lease payments are as follows:

	\$
2016	161,140
2017	165,310
2018	165,310
2019	165,310
2020	165,310
Thereafter	901,138
	<hr/> 1,723,518 <hr/>

10. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

MADD Canada 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 a party defaulting on its financial obligations. MADD Canada 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, accounts receivables and guaranteed investment certificates corresponds to MADD Canada's maximum exposure to credit risk.

Cash and guaranteed investment certificates

Credit risk associated with cash and guaranteed investment certificates is minimized by depositing cash with Canadian chartered banks and investing in guaranteed investment certificates issued by Canada Deposit Insurance Corporation ("CDIC") insured financial institutions.

Accounts receivables

Credit risk associated with accounts receivables is minimal since MADD Canada holds few

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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.

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

[c] Market risk

MADD Canada is exposed to market risk arising from changes in the fair value of financial instruments due to market price fluctuations. Market risk consists of currency risk, interest rate risk and other price 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. MADD Canada is exposed to currency risk with respect to the underlying investments in certain pooled funds.

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.

MADD Canada is exposed to interest rate risk with regard to its cash and guaranteed investment certificates. MADD Canada has no interest-bearing liabilities.

MADD Canada's cash includes amounts on deposit with financial institutions that earn interest at the market rate. MADD Canada's investments also include guaranteed investment certificates that earn a fixed rate of return.

MADD Canada manages its exposure to interest rate risk 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 interest rates on cash do not have a significant impact on MADD Canada's results of operations.

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Other price risk

MADD Canada is exposed to other price risk through changes in market prices [other than changes arising from interest rate or currency risks] in connection with its investments in pooled funds. MADD Canada manages this risk by investing in a balanced pooled fund with an asset mix that is designed to maximize returns within reasonable risk tolerances.

11. GIFTS-IN-KIND

Gifts-in-kind include the following:

	2015	2014
	\$	\$
Donated airtime for public service announcements	24,176,398	10,574,554
Use of vehicles	143,081	106,032
	24,319,479	10,680,586

During fiscal 2015, MADD Canada's public service announcements aired 139,792 times [2014 – 105,370 times].

