

Financial statements

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

March 31, 2017



Building a better
working world

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 March 31, 2017, and the statements of operations, changes in net assets and cash flows for 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 qualified 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 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.

Toronto, Canada
September 6, 2017

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 March 31

	2017	2016
	\$	\$
Assets		
Current		
Cash	4,761,293	5,110,334
Accounts receivable	284,572	141,438
Other <i>[note 3]</i>	652,484	575,083
Total current assets	5,698,349	5,826,855
Investments <i>[note 4]</i>	2,296,871	2,088,518
Capital assets, net <i>[note 6]</i>	440,367	438
	8,435,587	7,915,811
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	534,782	462,840
Deferred contributions <i>[note 7]</i>	3,601,856	3,594,620
Total current liabilities	4,136,638	4,057,460
Deferred capital contributions <i>[note 8]</i>	308,142	—
Total liabilities	4,444,780	4,057,460
Commitments <i>[note 11]</i>		
Net assets		
Internally restricted – victim bursaries <i>[note 5]</i>	456,351	415,674
Unrestricted – National	2,140,406	2,053,036
Unrestricted – Chapters	1,394,050	1,389,641
Total net assets	3,990,807	3,858,351
	8,435,587	7,915,811

See accompanying notes

On behalf of the Board:



Director



Director

Mothers Against Drunk Driving (MADD Canada)
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Statement of operations

	Year ended March 31, 2017 \$	Nine-month period ended March 31, 2016 \$
Revenue		
Gifts-in-kind <i>[note 9]</i>	21,026,178	17,672,371
Donations <i>[note 7]</i>	4,446,540	3,336,723
Corporate gifts <i>[note 7]</i>	3,401,566	2,481,569
Government grants <i>[note 7]</i>	464,318	179,282
Nevada	152,878	117,711
Foundation grants <i>[note 7]</i>	86,661	74,056
Investment income	261,687	55,179
School Assembly Program fees	17,500	13,499
Other	35,647	9,836
	29,892,975	23,940,226
Expenses <i>[note 10]</i>		
Program		
Public education, public awareness and research <i>[note 9]</i>	23,835,724	19,503,948
Youth	1,895,075	1,554,535
Victim services	897,574	398,291
	26,628,373	21,456,774
Public outreach campaigns [fundraising]	2,654,301	2,247,720
General and administration	477,845	343,512
	29,760,519	24,048,006
Excess (deficiency) of revenue over expenses for the period	132,456	(107,780)

See accompanying notes

Mothers Against Drunk Driving (MADD Canada)
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Statement of changes in net assets

	Internally restricted – victim bursaries \$	Unrestricted – National \$	Unrestricted – Chapters \$	Total \$
Net assets, April 1, 2016	415,674	2,053,036	1,389,641	3,858,351
Excess of revenue over expenses for the year	—	128,047	4,409	132,456
Transfer to internally restricted net assets [note 5]	40,677	(40,677)	—	—
Net assets, March 31, 2017	456,351	2,140,406	1,394,050	3,990,807

	Internally restricted – victim bursaries \$	Unrestricted – National \$	Unrestricted – Chapters \$	Total \$
Net assets, July 1, 2015	424,019	2,101,773	1,440,339	3,966,131
Deficiency of revenue over expenses for the period	—	(57,082)	(50,698)	(107,780)
Transfer from internally restricted net assets [note 5]	(8,345)	8,345	—	—
Net assets, March 31, 2016	415,674	2,053,036	1,389,641	3,858,351

See accompanying notes

Mothers Against Drunk Driving (MADD Canada)
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Statement of cash flows

	Year ended March 31, 2017	Nine-month Period ended March 31, 2016
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the period	132,456	(107,780)
Add non-cash item		
Amortization of capital assets	71,635	14,596
	204,091	(93,184)
Changes in non-cash working capital balances related to operations		
Accounts receivable	(143,134)	151,816
Other assets	(77,401)	(98,595)
Accounts payable and accrued liabilities	71,942	190,639
Deferred contributions	7,236	812,726
Cash provided by operating activities	62,734	963,402
Investing activities		
Net change in investments	(208,353)	99,210
Purchase of capital assets	(511,564)	—
Cash provided by investing activities	(719,917)	99,210
Financing activities		
Contributions restricted for purchase of capital assets	308,142	—
Cash provided by investing activities	308,142	—
Net increase (decrease) in cash during the period	(349,041)	1,062,612
Cash, beginning of period	5,110,334	4,047,722
Cash, end of period	4,761,293	5,110,334

See accompanying notes

Mothers Against Drunk Driving (MADD Canada)
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1. Organization

Mothers Against Drunk Driving – 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/survivors of this violent crime. MADD Canada's primary objectives include offering support services to victims/survivors, 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.

During the period ended March 31, 2016, MADD Canada changed its year-end from June 30 to March 31. Information as at and for the nine-month period ended March 31, 2016 is presented for comparative purposes.

2. Significant accounting policies

These financial statements are prepared in accordance with Part III of the *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.

[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.

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[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:

RV vehicle	7 years
Other vehicles	2 years
School Assembly Program equipment	2 years
Equipment	2 to 3 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 period 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.

[f] Defined contribution pension plan

Contributions to a defined contribution plan are expensed on an accrual basis.

[g] 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 as follows:

[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 supporting MADD Canada's mission to stop impaired driving and to support victims/survivors of this violent crime. Programs such as Campaign 911 and Project Red Ribbon raise awareness

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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/survivors. Support includes assisting impaired driving victims/survivors 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 victims/survivors services, as well as about the programs that MADD Canada offers, including youth education.

[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.

[h] 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.

[i] Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses. Areas requiring the use of management's estimates include the estimated useful lives of capital assets and assumptions used in the valuation of gifts-in-kind revenue. Actual results could differ from those estimates.

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3. Other assets

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

	2017	2016
	\$	\$
Development costs of next year's School Assembly Program presentations	359,778	353,692
Conferences	80,642	56,433
Inventory, insurance, rent and other	212,064	164,958
	652,484	575,083

4. Investments

[a] Investments consist of the following:

	Carrying value	2017	2016
		\$	\$
Cash [b]	Market	308	2,243
Guaranteed investment certificates [c]	Amortized cost	105,090	104,610
Units in balanced pooled fund [d]	Market	2,191,473	1,981,665
		2,296,871	2,088,518

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% [2016 – prime less 2%].

[c] The guaranteed investment certificates mature from April 2017 to February 2018 [2016 – April 2016 to February 2018]. The interest rates vary from 0.5% to 1.05% [2016 – 0.5% to 1.8%].

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

	2017		2016	
	\$	%	\$	%
Fixed income				
Government	402,376	18	365,954	18
Corporate	257,257	12	254,307	13
	659,633	30	620,261	31
Equities				
Canadian	611,422	28	513,251	26
U.S.	431,720	20	426,058	22
Other international	438,294	20	386,425	19
	1,481,436	68	1,325,734	67
Cash and cash equivalents	50,404	2	35,670	2
	2,191,473	100	1,981,665	100

[e] Investments are held for the following purposes:

	2017	2016
	\$	\$
Internally restricted net assets – victim bursaries	456,351	415,674
Other	1,840,520	1,672,844
	2,296,871	2,088,518

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/survivors 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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6. Capital assets

Capital assets consist of the following:

	2017		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
RV vehicle	308,142	—	308,142
Other vehicles	184,269	82,615	101,654
School Assembly Program equipment	138,724	108,153	30,571
Computer hardware	17,659	17,659	—
Furniture	7,748	7,748	—
	656,542	216,175	440,367

	2016		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
School Assembly Program equipment	91,691	91,253	438
Other vehicles	32,664	32,664	—
Computer hardware	17,659	17,659	—
Furniture	7,748	7,748	—
	149,762	149,324	438

The RV vehicle will not be amortized until the vehicle is put into use [note 11[b]].

Fully amortized assets of \$4,785 [2016 – \$33,841] have been removed from cost and accumulated amortization as they are no longer in use.

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7. Deferred contributions

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

	Year ended March 31, 2017 \$	Nine-month period ended March 31, 2016 \$
Balance, beginning of period	3,594,620	2,781,894
Amounts received during the period	2,523,962	2,530,044
Amounts recognized as revenue during the period	(2,516,726)	(1,717,318)
Balance, end of period	3,601,856	3,594,620

Deferred contributions consist of funds held for the following purposes:

	2017 \$	2016 \$
LCBO for School Assembly Program	3,341,663	3,262,576
Other	260,193	332,044
	3,601,856	3,594,620

The Liquor Control Board of Ontario ["LCBO"] contribution was made on the condition that it be used in Ontario for the School Assembly Program.

Other deferred contributions represent externally restricted amounts for programs from government agencies and corporations that had not been spent by period-end.

8. Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received from the LCBO for the purchase of the RV vehicle for the RV Elementary School Mobile Program. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

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Changes in the deferred capital contributions balance are as follows:

	Year ended March 31, 2017 \$	Nine-month period ended March 31, 2016 \$
Balance, beginning of period	—	—
Contributions restricted for purchase of capital assets	308,142	—
Amortization of deferred capital contributions	—	—
Balance, end of period	308,142	—

9. Gifts-in-kind

Gifts-in-kind include the following:

	Year ended March 31, 2017 \$	Nine-month period ended March 31, 2016 \$
Donated airtime for public service announcements	20,975,699	17,545,879
Use of vehicles	50,479	126,492
	21,026,178	17,672,371

During 2017, MADD Canada's public service announcements aired 176,829 times [2016 – 133,077 times].

10. Allocation of expenses

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

	Year ended March 31, 2017 \$	Nine-month period ended March 31, 2016 \$
Public education, public awareness and research	127,911	113,300
Youth	108,773	88,248
Victim services	53,545	29,579
Public outreach campaigns [fundraising]	22,614	15,499
	312,843	246,626

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11. Commitments

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

	\$
2018	170,830
2019	170,830
2020	169,450
2021	168,811
2022	172,312
Thereafter	560,014
	<u>1,412,247</u>

[b] MADD Canada is committed to future equipment and programming development costs of approximately \$550,000 related to the RV Elementary School Mobile Program.

12. 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 receivable, guaranteed investment certificates and investments in a pooled fund that holds fixed income securities corresponds to MADD Canada's maximum exposure to credit risk.

Cash, guaranteed investment certificates and fixed income securities

Credit risk associated with cash, guaranteed investment certificates and fixed income securities is minimized by depositing cash with Canadian chartered banks and investing in guaranteed investment certificates and a pooled fund that holds fixed income securities issued by Canada Deposit Insurance Corporation insured financial institutions.

Accounts receivable

Credit risk associated with accounts receivable is minimal since MADD Canada holds few accounts and other receivables.

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[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 denominated in foreign currencies.

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, guaranteed investment certificates and its investments in a pooled fund that holds fixed income securities. 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 and fixed income securities 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.

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.

