

Financial Statements of

**OSTEOPOROSIS CANADA**

And Independent Auditor's Report thereon

Year ended March 31, 2023



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Osteoporosis Canada

### ***Qualified Opinion***

We have audited the financial statements of Osteoporosis Canada (the Entity), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of revenue and expenditures for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Qualified Opinion***

In common with many charitable organizations, the Entity derives revenue from donations and fundraising activities, 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 the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the assets and fund balances reported in the statements of financial position as at March 31, 2023 and March 31, 2022
- the individuals revenue and excess (deficiency) of revenue over expenditures reported in the statements of revenue and expenditures for the years ended March 31, 2023 and March 31, 2022



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- the fund balances, at the beginning and end of the year, reported in the statements of changes in fund balances for the years ended March 31, 2023 and March 31, 2022
- the excess (deficiency) of revenue over expenditures reported in the statements of cash flows for the years ended March 31, 2023 and March 31, 2022.

Our opinion on the financial statements for the year ended March 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 10, 2023

# OSTEOPOROSIS CANADA

## Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 763,000	\$ 621,494
Cash - restricted	153,289	310,950
Accounts receivable	10,676	7,160
Goods and services tax/harmonized sales tax recoverable	70,704	76,377
Prepaid expenses	52,193	45,001
Short-term investments (note 2)	200,000	200,000
	1,249,862	1,260,982
Long-term investments (note 3)	3,094,951	3,281,082
Capital assets (note 4)	16,349	14,331
	\$ 4,361,162	\$ 4,556,395

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 160,462	\$ 247,161
Deferred revenue	649,316	321,118
	809,778	568,279
Fund balances:		
Program Fund	521,373	704,560
Reserve Fund	1,269,063	1,316,681
Bequest Fund	—	2,474
Research Fund	1,760,948	1,964,401
	3,551,384	3,988,116
Commitments (note 8)		
	\$ 4,361,162	\$ 4,556,395

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# OSTEOPOROSIS CANADA

## Statement of Revenue and Expenditures

Year ended March 31, 2023, with comparative information for 2022

2023	Program Fund	Bequest and Reserve Funds	Research Fund	Total
	(note 6)			
Revenue:				
Government funding (note 7)	\$ 3,965,090	\$ –	\$ –	\$ 3,965,090
Individual	1,379,618	–	–	1,379,618
Corporations and foundations	307,133	–	–	307,133
Investment	4,219	26,664	45,797	76,680
Other	30,647	–	–	30,647
Realized gain on sale of investments	–	53,727	105,615	159,342
	5,686,707	80,391	151,412	5,918,510
Expenditures:				
Education, advocacy and awareness	4,294,564	2,474	163,752	4,460,790
Fundraising	692,870	–	–	692,870
Administration and support	912,060	12,515	21,003	945,578
Unrealized loss	–	85,894	170,110	256,004
	5,899,494	100,883	354,865	6,355,242
Deficiency of revenue over expenditures	\$ (212,787)	\$ (20,492)	\$ (203,453)	\$ (436,732)
2022	Program Fund	Bequest and Reserve Funds	Research Fund	Total
	(note 6)			
Revenue:				
Government funding (note 7)	\$ 3,934,342	\$ –	\$ –	\$ 3,934,342
Individual	1,302,415	–	–	1,302,415
Corporations and foundations	481,730	–	–	481,730
Investment	1,355	19,881	34,398	55,634
Other	23,756	–	–	23,756
Realized gain on sale of investments	–	57,403	108,448	165,851
	5,743,598	77,284	142,846	5,963,728
Expenditures:				
Education, advocacy and awareness	4,146,677	1,297	3,300	4,151,274
Fundraising	776,413	–	–	776,413
Administration and support	890,082	13,263	22,724	926,069
Unrealized loss	–	18,301	42,255	60,556
	5,813,172	32,861	68,279	5,914,312
Excess (deficiency) of revenue over expenditures	\$ (69,574)	\$ 44,423	\$ 74,567	\$ 49,416

See accompanying notes to financial statements.

# OSTEOPOROSIS CANADA

## Statement of Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

2023	General Funds				Research Fund	Total
	Program Fund	Reserve Fund	Bequest Fund	Total		
Fund balances, beginning of year	\$ 704,560	\$ 1,316,681	\$ 2,474	\$ 2,023,715	\$ 1,964,401	\$ 3,988,116
Deficiency of revenue over expenditures	(212,787)	(18,018)	(2,474)	(233,279)	(203,453)	(436,732)
Interest transfer	29,600	(29,600)	–	–	–	–
Fund balances, end of year	\$ 521,373	\$ 1,269,063	\$ –	\$ 1,790,436	\$ 1,760,948	\$ 3,551,384

2022	General Funds				Research Fund	Total
	Program Fund	Reserve Fund	Bequest Fund	Total		
Fund balances, beginning of year	\$ 774,134	\$ 1,270,961	\$ 3,771	\$ 2,048,866	\$ 1,889,834	\$ 3,938,700
Excess (deficiency) of revenue over expenditures	(69,574)	45,720	(1,297)	(25,151)	74,567	49,416
Fund balances, end of year	\$ 704,560	\$ 1,316,681	\$ 2,474	\$ 2,023,715	\$ 1,964,401	\$ 3,988,116

See accompanying notes to financial statements.

# OSTEOPOROSIS CANADA

## Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$ (436,732)	\$ 49,416
Items not involving cash:		
Amortization	13,317	10,683
Change in fair value of investments	256,004	60,556
	<u>(167,411)</u>	<u>120,655</u>
Change in non-cash operating working capital:		
Goods and services tax/harmonized sales tax recoverable	5,673	(3,434)
Accounts receivable	(3,516)	43,665
Prepaid expenses	(7,192)	(3,477)
Accounts payable and accrued liabilities	(86,699)	17,593
Deferred revenue	328,198	(142,600)
	<u>69,053</u>	<u>32,402</u>
Investing activities:		
Additions to capital assets	(15,335)	(12,428)
Change in investments	(69,873)	(180,841)
	<u>(85,208)</u>	<u>(193,269)</u>
Decrease in cash position	(16,155)	(160,867)
Cash position, beginning of year	932,444	1,093,311
Cash position, end of year	<u>\$ 916,289</u>	<u>\$ 932,444</u>
Consisting of:		
Cash and cash equivalents	\$ 763,000	\$ 621,494
Cash - restricted	153,289	310,950
	<u>\$ 916,289</u>	<u>\$ 932,444</u>

See accompanying notes to financial statements.

# OSTEOPOROSIS CANADA

Notes to Financial Statements

Year ended March 31, 2023

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Osteoporosis Canada (the "Organization") was established in 1982. The Organization was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act in November 2013. The Organization is dedicated to educate, empower and support individuals and communities in the prevention and treatment of osteoporosis. The Organization's focus is the provision of services to individuals at risk from and/or affected by osteoporosis and to communities through a locally driven approach. This approach will expand prevention and treatment services at the community level.

The Organization is designated as a registered charity (charity registration number 895510931) by Canada Revenue Agency. The Organization is exempt from income taxes and is able to issue donation receipts for income tax purposes.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

### (a) Fund accounting:

The activities of the Organization are accounted for utilizing the concepts of restricted fund accounting. There are four funds, a Program Fund, a Research Fund, a Reserve Fund and a Bequest Fund, to account for the activities of the Organization.

The presentation of the revenue and expenditures within the Program Fund reflects key result areas, defined as follows:

### (i) Education advocacy, and awareness:

This represents the development, implementation and evaluation of the information, programs and services the Organization delivers to its clients and stakeholders. This includes: public education and support programs and services, community services, member services, professional education and relations, as well as clinical and scientific research activities. All of these activities improve the level of awareness and knowledge of osteoporosis among the public, people who have osteoporosis, health care professionals, researchers and health care policymakers.

# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (ii) Administration and support:

These represent essential services that provide core administrative support and governance. These include external audit and legal fees and all other expenditures that cannot be easily allocated to other key result areas.

### (iii) Fundraising:

This represents the ongoing efforts to secure funds related to corporate and pharmaceutical partnerships, foundations and individual giving (direct mail, online donations, major and planned gifts) and their related expenditures.

The Bequest Fund includes funds donated for specific activities specified by the donor.

The Research Fund is a restricted fund and includes donations that have been specifically designated by donors to fund research activities and certain other non-designated donations.

The Board of Directors of the Organization has approved the establishment of a Reserve Fund, in order to provide some security to manage unforeseen circumstances involving a revenue shortfall or unanticipated expenditures. The target for the Reserve Fund is six months of core operating expenditures, meaning those outside of government-funded programming. It is recognized that it will take a number of years to reach this target of \$2,000,000.

### (b) Revenue recognition:

Restricted contributions to the Program Fund are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions to the Program Fund and restricted contributions to the Research Fund are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

All non-designated in-memoriam donations are reflected in the Program Fund.

### (c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with maturity dates of 90 days or less remaining as at March 31, 2023.

# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has elected to carry its investments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Capital assets:

Capital assets are stated at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Repair and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the Organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the capital assets are less than their net carrying amounts. Capital assets are amortized on a straight-line basis using the following estimated useful lives:

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Computer equipment	3 years
Furniture and equipment	3 years

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# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 1. Significant accounting policies (continued):

### (f) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

### (g) Allocation of operating expenditures:

The Organization classifies expenditures on the statement of revenue and expenditures by function. Salaries and benefits and non-direct expenditures have been allocated based on the number of people employed within a function.

### (h) Government assistance:

The Organization has applied for financial assistance under available government assistance programs. Government assistance related to current expenses is recognized as revenue during the year.

### (i) Use of estimates:

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

## 2. Short-term investments:

As at March 31, 2023, short-term investments consist of a guaranteed investment certificate bearing an interest rate of 1.90% with a maturity date of August 10, 2023 (2022 - 0.35% and August 10, 2022).

# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

### 3. Long-term investments:

	2023	2022
Cash	\$ 62,893	\$ 179,402
Fixed income	1,061,374	1,045,834
Equities	1,970,684	2,055,846
	<u>\$ 3,094,951</u>	<u>\$ 3,281,082</u>

Investments held consist of \$1,760,948 (2022 - \$1,964,401) for the Research Fund, \$1,269,063 (2022 - \$1,316,681) for the Reserve Fund and \$64,940 (2022 - nil) for the Program Fund.

The fixed income securities are invested in pooled funds and bear no specific yield to maturity or maturity dates.

### 4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 94,532	\$ 78,183	\$ 16,349	\$ 14,331
Furniture and equipment	73,273	73,273	–	–
	<u>\$ 167,805</u>	<u>\$ 151,456</u>	<u>\$ 16,349</u>	<u>\$ 14,331</u>

### 5. Banking facilities:

The Organization has a \$200,000 revolving demand facility available for use with a Canadian financial institution, bearing interest at prime plus 0.50%. At year end, the Organization had not drawn on this line of credit (2022 - nil).

# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

## 6. Allocation of expenditures:

Operating expenditures have been allocated as follows for the Program Fund:

				2023	2022
	Education, advocacy and awareness	Fundraising	Administration and support	Total	Total
Salaries and benefits	\$ 3,242,372	\$ 189,479	\$ 594,150	\$ 4,026,001	\$ 3,869,068
Rent	86,904	18,622	18,622	124,148	125,899
Insurance	19,210	4,116	4,116	27,442	23,819
Office expenditures	7,036	1,508	1,508	10,052	13,860
Technology	34,197	7,328	7,328	48,853	69,068
	3,389,719	221,053	625,724	4,236,496	4,101,714
Direct expenditures	904,845	471,817	286,336	1,662,998	1,711,458
	\$ 4,294,564	\$ 692,870	\$ 912,060	\$ 5,899,494	\$ 5,813,172

## 7. Government wage subsidies:

The Organization applied for and received government assistance in the form of the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS"). Total CEWS and CERS recorded as government funding in the statement of revenue and expenditures amounts to nil (2022 - \$164,617) and nil (2022 - \$21,883), respectively.

## 8. Commitments:

The Organization leases its premises under a long-term operating lease that expires on July 31, 2026. The minimum annual rent payable for the premises lease and equipment leases are:

2024	\$ 153,265
2025	153,265
2026	150,914
Thereafter	58,494
	\$ 515,938

# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## 9. Financial risks:

Investments are primarily exposed to interest rate, market, foreign currency and liquidity risks. The Organization has formal policies and procedures that establish target asset mix. The Organization's policies also require diversification of investments within categories and set limits on exposure to individual investments. Unrestricted funds are held in specified investments and interest-bearing bank accounts. Restricted funds may also be invested in these specified investments, subject to donor restrictions.

### (a) Interest rate risk:

The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. The Organization manages this risk by staggering the terms of the securities held. Further details about the fixed interest rate investments are included in note 2.

### (b) Market risk:

Market risk arises as a result of the Organization's trading in fixed and variable investments. Fluctuations in the market expose the Organization to a risk of loss. The Organization mitigates this risk through controls to monitor and limit concentration levels.

### (c) Foreign currency risk:

The Organization is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates on the Organization's foreign investments. The Organization mitigates this risk through controls to monitor and limit concentration levels.

### (d) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring actual and projected cash flows to ensure that it has sufficient funds to fulfill its obligations.

# OSTEOPOROSIS CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2023

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## **10. Indemnification of officers and directors:**

The Organization has indemnified its past, present and future directors, officers, employees and volunteers against expenditures (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Organization. The nature of the indemnity prevents the Organization from reasonably estimating the maximum exposure. The Organization has purchased directors' and officers' liability insurance with respect to this indemnification.