

Rick Hansen Foundation

Financial Statements
March 31, 2015

Rick Hansen Foundation

March 31, 2015

Table of contents

Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 17



June 25, 2015

Independent Auditor's Report

To the Board of Directors of Rick Hansen Foundation

We have audited the accompanying financial statements of Rick Hansen Foundation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rick Hansen Foundation as at March 31, 2015 and the results of their operations and their cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Rick Hansen Foundation

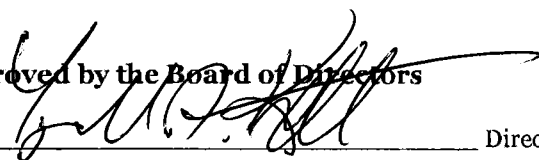
Statement of Financial Position

As at March 31, 2015

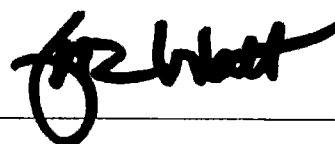
	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents	894,329	1,172,276
Accounts receivable	165,867	37,844
Interest receivable	88,147	172,312
Due from related parties (note 12)	-	176,764
Short-term investments - at market value (note 4)	455,611	1,895,945
Prepaid expenses and deposits	96,221	127,349
	<u>1,700,175</u>	<u>3,582,490</u>
UBC endowment rights (note 5)	462,478	542,910
Capital assets (note 6)	244,052	223,750
Long-term investments - at market value (note 4)	12,863,710	11,845,530
Intellectual property rights (note 7)	1,800,000	1,800,000
	<u>17,070,415</u>	<u>17,994,680</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	337,369	294,901
Due to related parties (note 12)	4,421	14,236
Deferred contributions (note 8)	1,309,429	763,775
	<u>1,651,219</u>	<u>1,072,912</u>
Fund balances		
Endowment	102,555	101,555
Internally restricted	12,887,110	12,877,243
Unrestricted	2,429,531	3,942,970
	<u>15,419,196</u>	<u>16,921,768</u>
	<u>17,070,415</u>	<u>17,994,680</u>

Commitments (note 10)

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

Rick Hansen Foundation

Statement of Operations

For the year ended March 31, 2015

	2015 \$	2014 \$
Revenues		
Government and other grants (note 8)	12,920,458	8,622,151
Sponsorships and donations (note 8)	1,531,992	1,632,767
Investment income (note 4)	1,912,780	1,667,808
Events	171,965	20,000
Other (note 12)	209,699	214,157
Value-in-kind (note 8)	42,948	67,882
	<u>16,789,842</u>	<u>12,224,765</u>
Expenses (note 13)		
Research	12,421,044	8,962,492
Schools	920,509	829,226
Awareness	753,212	332,447
Accessibility	1,120,627	602,075
Other	369,493	269,643
	<u>15,584,885</u>	<u>10,995,883</u>
Total programs	15,584,885	10,995,883
Fundraising	1,461,930	1,085,634
Management and administration	1,245,312	1,100,460
	<u>18,292,127</u>	<u>13,181,977</u>
Deficiency of revenues over expenses before the following	(1,502,285)	(957,212)
Loss on disposal of capital assets	(1,287)	(8,156)
Deficiency of revenues over expenses for the year	<u>(1,503,572)</u>	<u>(965,368)</u>

The accompanying notes are an integral part of these financial statements.

Rick Hansen Foundation

Statement of Changes in Fund Balances

For the year ended March 31, 2015

	Unrestricted Funds \$	Internally Restricted Funds \$	Endowment Funds \$	Total \$
Fund balances - March 31, 2014	3,942,970	12,877,243	101,555	16,921,768
(Deficiency) excess of revenues over expenditures	(1,513,439)	9,867	-	(1,503,572)
Endowment contribution	-	-	1,000	1,000
Fund balances - March 31, 2015	<u>2,429,531</u>	<u>12,887,110</u>	<u>102,555</u>	<u>15,419,196</u>

The accompanying notes are an integral part of these financial statements.

Rick Hansen Foundation

Statement of Cash Flows

For the year ended March 31, 2015

	2015 \$	2014 \$
Cash flows from operating activities		
Deficiency of revenues over expenses for the year	(1,503,572)	(965,368)
Items not affecting cash		
Unrealized appreciation in investments	(67,081)	(611,461)
Realized gain on sale of investments	(837,388)	(98,210)
Loss on disposal of capital assets	1,287	8,156
Amortization of capital assets	75,603	91,062
Amortization of UBC endowment rights (note 5)	80,432	80,431
	(2,250,719)	(1,495,390)
Changes in non-cash operating accounts		
Accounts receivable	(128,023)	2,747,607
Interest receivable	84,165	(73,592)
Prepaid expenses and deposits	31,128	(16,805)
Accounts payable and accrued liabilities	42,468	(212,469)
Due to related parties	166,949	(2,084,499)
Deferred contributions (note 8)	545,654	(17,410)
	(1,508,378)	(1,152,558)
Cash flows from financing activities		
Endowment contribution	1,000	-
Cash flows from investing activities		
Purchase of capital assets	(97,192)	(2,200)
Sale of short-term investments - net	1,440,334	2,426,416
Purchase of long-term investments - net	(113,711)	(1,247,366)
	1,229,431	1,176,850
(Decrease) increase in cash and cash equivalents	(277,947)	24,292
Cash and cash equivalents - Beginning of year	1,172,276	1,147,984
Cash and cash equivalents - End of year	894,329	1,172,276

The accompanying notes are an integral part of these financial statements.

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

1 Nature of operations

The mission of the Rick Hansen Foundation (the "Foundation") is to inspire leaders, influencers and the public to join Rick Hansen in creating a global movement to remove barriers and liberate the amazing potential of people with disabilities. The Foundation was incorporated on July 19, 1988 under the British Columbia Society Act and registered as a charity under the Income Tax Act on September 1, 1989. On September 1, 1992, the Foundation was granted Public Foundation status. It fundraises for and fulfills its mission through programs, activities and research undertaken directly and/or through grants and contributions to other organizations. The Rick Hansen School, Research, Awareness and Accessibility Programs are designed to remove barriers for people with disabilities, including existing gaps in attitudes in awareness; accessibility; information; spinal cord injury ("SCI") related healthcare and research; and employment. A cornerstone of the Foundation's work has been to create opportunities for collaboration first within the SCI research community, and now focusing on the disability community across Canada and eventually around the world.

The Foundation established Rick Hansen Institute ("RHI") as a program of the Foundation, and on January 15, 2009, it was incorporated as a separate not-for-profit charitable organization. RHI continues to lead and promote collaboration across the national and global SCI community by providing resources, infrastructure and knowledge; to identify, develop and accelerate the translation of evidence and the best practices to reduce the incidence and severity of paralysis after SCI; to improve health care outcomes; to reduce long-term costs; and to improve the quality of life for those living with SCI. The Foundation continues to fundraise for and assist RHI to achieve this mission. RHI is not considered a controlled entity and, accordingly, is not consolidated in these financial statements.

Rick Hansen Leadership Group ("RHLG") was incorporated on July 13, 2011 under the British Columbia Society Act. The Board of Directors of RHLG comprises certain members of the Board of the Foundation. RHLG is a controlled entity of the Foundation. In accordance with Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4450, the Foundation has elected not to consolidate RHLG. The required disclosure is included in note 14.

2 Description of the Funds

The Foundation reports the following funds:

a) Unrestricted Funds

The Unrestricted Funds report unrestricted resources and undesignated donations and sponsorship contributions used for the delivery of the Foundation's programs and administrative activities.

b) Internally Restricted Funds

The Internally Restricted Funds report unrestricted funds that the Board has designated for a specific purpose.

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

c) Endowment Funds

The Endowment Funds report resources generated from specified, endowed private donor contributions that will provide investment income allocations to support programs and leadership of the Foundation as determined by each donor's endowment agreement.

3 Basis of preparation and significant accounting policies

Effective April 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board.

The significant accounting policies are summarized below:

a) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid short-term investments, which are defined as those having a maturity of less than three months from the date of acquisition.

b) Revenue recognition

The Foundation follows the deferral method of accounting for grants, contributions and donations. Under this deferral method, contributions related to expenses of future periods or for which externally imposed restrictions remain unfilled are recorded as deferred contributions and are recognized as revenue in the period in which the related expenses are incurred.

Unrestricted donations are recognized as revenue in the year in which they are received.

Investment income comprises interest and dividends earned on investments and on cash and cash equivalents and fair value changes in investments. Investment income earned on investments of restricted and endowment funds is recognized as revenue as the related expenses are incurred. Investment income earned on investments of general funds is recognized as revenue as it is earned.

Event revenues are recognized in the period in which the event takes place. Amounts received in advance of events are recorded as deferred revenue.

Value-in-kind revenues are recorded at fair value if they would otherwise have been purchased and include donated professional services.

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

c) Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, accounts receivable, interest receivable, short-term and long-term investments, accounts payable and accrued liabilities and due to related parties.

Cash and cash equivalents, accounts receivable, interest receivable, accounts payable and accrued liabilities and due to related parties are initially measured at fair value and subsequently carried at amortized cost. Short-term and long-term investments are initially measured and subsequently carried at fair value with gains and losses recognized in the statement of operations.

d) Capital assets

Capital assets consisting of computer hardware, software, office furniture, vehicles and leasehold improvements are recorded at cost and are amortized using the straight-line method, less estimated salvage value, over their estimated useful lives: computer hardware and software - five years, office furniture - five years, vehicles - five years, and leasehold improvements over the term of the lease.

The Foundation reviews for the impairment of capital assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from the expected undiscounted future cash flows of the asset's use and eventual disposition. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its fair value.

e) Intangible assets

The intellectual property rights were recognized in an amount equal to the fair market value as determined by an independent valuation. As the life is considered indefinite, no amortization has been taken. When the asset's life is determined to be no longer indefinite, amortization will be taken over the useful life of the asset.

The UBC endowment rights were recognized in an amount equal to the fair market value of the April 1, 2006 agreement between the Foundation and UBC. The asset is being amortized using the straight-line method over the 14.75 year life of the agreement.

The Foundation reviews for the impairment of intangible assets annually or more frequently when changes in events or circumstances indicate that the carrying value of an asset may not be recoverable. The amount of the impairment, if any, is determined as the excess of the carrying value of the asset over its fair value, and is recognized in the statement of operations.

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

f) Allocation of expenses

The Foundation engages in Schools, Research, Awareness, Accessibility and other programs. The Foundation incurs a number of management and administration support costs and allocates these expenses to the programs proportionately based on the time incurred by the relevant staff member on each respective program. Management and administration support costs include accounting, human resources, information technology, purchasing, marketing and occupancy costs.

g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Areas requiring the use of management estimates include the determination of useful lives and salvage values for amortization of capital assets, endowment rights, the valuation of investments and intangible assets, the accruals of receivables and liabilities, revenue recognized under the percentage of completion method and the fair value of gifts-in-kind. Accordingly, actual results could differ from those estimates. These estimates are reviewed annually, and as adjustments become necessary, they are recorded in the financial statements in the year in which they become known.

h) Contributed services

The Foundation benefits from donated services involving volunteer time for various committees and events. Due to the difficulty of determining its fair value, donated volunteer time is not recognized in these financial statements.

4 Investments

Funds contributed to the Foundation for its charitable purposes are managed externally in accordance with the investment policies of the Foundation. Substantially all Foundation investments are in Canadian instruments and are low to moderate risk investments. Cash included within investments relates to timing of investment purchases and is not available to the Foundation for operational use.

Short-term investments, at market value, are outlined in the following table:

	2015	2014
	\$	\$
Cash and money market funds	455,611	1,895,945

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

Long-term investments, at market value, are outlined in the following table:

	2015 \$	2014 \$
Cash and money market funds	357,329	1,314,373
Equities	3,659,777	5,565,018
Pooled funds	8,846,604	4,966,139
	<u>12,863,710</u>	<u>11,845,530</u>

Investment income comprises the following:

	2015 \$	2014 \$
Endowment income (note 5)	573,759	555,455
Interest	262,742	244,105
Dividends	171,810	158,577
Fair value changes in investments	904,469	709,671
	<u>1,912,780</u>	<u>1,667,808</u>

5 UBC endowment rights

On April 1, 2006, the Foundation entered into an agreement with UBC whereby the Foundation acquired the rights to a future income stream in consideration for hiring certain UBC employees and assuming liabilities in the amount of \$1,186,356. The future income stream available until December 31, 2020 is as follows:

- a) 100% of the annual budgeted income of the National Fellowship Endowment Fund that is held at the UBC Foundation,
- b) 100% of the annual budgeted income of the portion of the UBC Disability Resource Centre Endowment Fund that is held at the UBC Foundation,
- c) 46% of the actual income received from the portion of the UBC Disability Resource Centre Endowment Fund that is held at the Vancouver Foundation, and
- d) 100% of the actual income received from the Rick Hansen Man In Motion Fund that is held at the Vancouver Foundation.

If, at any time, the endowments held by the Vancouver Foundation in (c) and (d) are transferred back to the UBC Foundation, UBC will begin forwarding an annual budgeted amount, net of any deficit amounts in the operating accounts of these endowments.

During the year, income of \$573,759 (2014 - \$555,455) was received from the endowments and recognized as investment income (note 4).

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

The cost of acquiring the future income streams is recorded as an intangible asset and is being amortized over the life of the agreement (14.75 years). The original cost was \$1,186,356 and accumulated amortization at March 31, 2015 is \$723,878 (2014 - \$643,446), resulting in a net book value of \$462,478 (2014 - \$542,910).

The receipt of the future income stream is dependent on the Foundation utilizing the funds in accordance with the terms of the original deeds of trust that are attached to the endowments listed above.

6 Capital assets

			2015	2014
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer hardware	367,430	304,098	63,332	28,913
Software	187,070	135,615	51,455	30,335
Office furniture	297,506	294,059	3,447	9,689
Vehicles	62,500	21,000	41,500	47,500
Leasehold improvements	227,908	143,590	84,318	107,313
	<u>1,142,414</u>	<u>898,362</u>	<u>244,052</u>	<u>223,750</u>

7 Intellectual property rights

In 2009, the Foundation was donated the right to use and associate the name of Rick Hansen with the Foundation. This right was recorded as an intangible asset at its fair market value of \$1,800,000, which was determined by an independent valuation. This asset was determined to have an indefinite useful life and will not be amortized until its life is determined to be no longer indefinite. The rights are tested annually for impairment.

At March 31, 2015, no impairment loss was recognized.

8 Deferred contributions

The Foundation receives grants and other contributions to be held, invested, administered and disbursed in accordance with the related funding agreements. Deferred contributions related to expenses of future periods represent these unspent externally restricted grants and related investment income, which are for the purpose of providing grants to eligible recipients and the payment of operating and capital expenditures in future periods.

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

Deferred contributions consist of:

	\$
Balance - Beginning of year	763,775
Funds received during the year	
Government and other grants	13,680,792
Sponsorships and donations	1,006,409
Endowment income	36,686
Amounts recognized as revenue	
Government and other grants	(12,882,837)
Sponsorships and donations	(1,279,190)
Endowment income	(16,206)
Balance - End of year	<u>1,309,429</u>

The Foundation received professional services that were donated and recognized as value-in-kind revenue of \$42,948 (2014- \$67,882).

9 Government remittances

Government remittances consist of amounts (such as sales taxes, payroll withholdings, employee benefit costs, worker's compensation premiums) required to be paid to government authorities and are recognized when the amounts become due. At March 31, 2015, \$661 (2014 - \$2,176) is included within accounts payable and accrued liabilities.

10 Commitments

a) Contributions

During the prior year, the Foundation entered into an agreement to provide research grants of \$20,000,000 over 10 years. Commitments to provide these research grants and grants to various other associations total \$16,373,606 (2014 - \$18,496,090).

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

b) Leases

In 2009, the Foundation moved to a new location and entered into a long-term operating lease that expires on November 30, 2018. The lease agreement was modified during the year to reduce costs and the term was extended to November 30, 2020. The Foundation also has a number of short-term operating leases. The estimated annual minimum lease payments are as follows:

Year ending March 31	\$
2016	273,212
2017	271,699
2018	263,704
2019	244,331
2020	213,581
Thereafter to 2021	<u>142,388</u>
	<u>1,408,915</u>

11 Financial instruments and risk management

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation is not exposed to significant currency risk.

b) Interest rate risk

Interest rate risk is the risk that the Foundation's investments will change in fair value due to future fluctuations in market interest rates. The Foundation has an exposure to interest rate risk as a significant portion of its revenue is derived from interest on its short-term investments and bonds held in long-term investments. The Foundation does not use derivative financial instruments to mitigate this risk. Management frequently reviews the interest rates to mitigate risk to the Foundation.

c) Market risk and other price risk

Market risk and other price risk are the risks that the fair value of an investment will fluctuate due to changes in market conditions. Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Foundation is exposed to fair value risk on its investments in pooled funds holding short-term notes, bonds and debentures and marketable equity securities. These market risks are managed by establishing and monitoring asset allocation strategies and minimum credit criteria, and by diversifying investments within the various asset pools held by the Foundation.

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

d) Credit risk

Credit risk is the risk of loss resulting from failure of an individual or group to honour their financial obligations. The Foundation holds accounts receivable and investments in bonds and debentures which potentially expose it to credit risk. The Foundation's receivables are not significant. As its investments are managed to maintain minimum credit criteria and diversified within various asset pools, the Foundation is not considered to be significantly exposed to credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flows from the General Fund to fund operations and settle liabilities when due.

There have been no significant changes in risk exposure from prior years.

12 Related party transactions

The Foundation enters into arrangements and transactions in the normal course of business with RHI. During the prior year in order to manage costs and improve efficiencies, the Foundation entered into a reciprocal services agreement with RHI. Under the terms of this agreement, the organizations share employees across a number of business departments and reimburse each other on a cost recovery basis.

		Transaction value		Receivable (payable) - Balance outstanding as at March 31	
	Note	2015 \$	2014 \$	2015 \$	2014 \$
Rick Hansen Institute					
Contributions paid	(i)	10,824,573	7,238,011	(97,196)	-
Other amounts paid	(ii)	27,389	16,570	(2,163)	-
Amounts received	(iii)	535,874	538,698	79,574	130,770
Rick Hansen Leadership Group					
Amounts paid		-	301,357	(2,379)	(14,236)
Grants received		260,000	100,000	-	-
Other amounts received		29,819	33,460	17,743	45,994

(i) includes amounts in respect of contractual commitments under a number of contribution agreements

(ii) includes other costs paid under the terms of the reciprocal services agreement

(iii) includes \$198,400 (2014 - \$198,400) leasing revenue, \$312,165 (2014 - \$306,642) net cost recovery for services provided under the terms of the reciprocal services agreement (which are net against the relevant costs in expenses) and \$25,309 (2014 - \$33,656) in other costs

Rick Hansen Foundation

Notes to Financial Statements

March 31, 2015

13 Allocation of expenses

a) Management and administration support costs are allocated to the programs and fundraising as follows:

	2015 \$	2014 \$
Schools	308,948	315,632
Awareness	406,675	332,447
Accessibility	270,935	242,499
Research	108,315	99,458
Other	84,401	82,087
Fundraising	169,482	201,334
	<u>1,348,756</u>	<u>1,273,457</u>

b) The Foundation's costs presented by nature are as follows:

	2015 \$	2014 \$
Grants and sponsorships	12,576,118	9,085,206
Salaries and benefits	3,234,481	1,902,496
Consulting and contract services	1,031,255	854,612
General administration and office	853,822	780,620
Travel and meetings	245,750	196,594
Professional fees	194,666	190,956
Amortization	156,035	171,493
	<u>18,292,127</u>	<u>13,181,977</u>

14 Controlled entity

RHLG has not been consolidated into the Foundation's financial statements. A financial summary of RHLG as at March 31, 2015 is as follows:

	2015 \$ (Unaudited)	2014 \$ (Unaudited)
Statement of financial position		
Total assets	<u>41,571</u>	<u>245,637</u>
Total liabilities	23,462	24,586
Total unrestricted funds	<u>18,109</u>	<u>221,051</u>
	<u>41,571</u>	<u>245,637</u>
Statement of operations		
Total revenues	99,073	296,954
Total expenses	<u>302,014</u>	<u>78,909</u>
(Deficiency) excess of revenues over expenses	<u>(202,941)</u>	<u>218,045</u>
Statement of cash flows		
Cash flows from operating activities	<u>34,640</u>	<u>252,037</u>