

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

Financial Statements

Year ended June 30, 2012

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Year ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Mothers Against Drunk Driving (MADD Canada) – Les mères contre l'alcool au volant (MADD Canada), which comprise the statement of financial position as at June 30, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Basis for Qualified Opinion

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

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these 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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

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

James F. Hyland

Professional Corporation

James F Hyland Professional Corporation

Chartered Accountant

Authorized to practice public accounting by

The Institute of Chartered Accountants of Ontario

Mississauga, Ontario
September 12, 2012

**MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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Statement of Operations

Year ended June 30

	2012	2011
REVENUE		
Public outreach campaigns	\$ 3,494,816	\$ 3,075,491
Corporate gifts	2,482,046	2,107,117
Donations	847,912	842,088
Government grants	203,180	117,420
Nevada	114,584	74,048
School Assembly Program	112,650	60,050
Foundation grants	80,073	116,770
Investment income	60,331	72,445
Property tax rebate & other income	29,431	34,413
	<u>7,425,023</u>	<u>6,499,842</u>
EXPENSES		
Programs		
Public education, public awareness and research	2,927,125	2,563,514
Youth	1,237,182	1,131,469
Victim services	553,438	610,124
	<u>4,717,745</u>	<u>4,305,107</u>
Public outreach campaigns (fundraising) (Note 9)	2,067,342	1,751,570
General and administration	406,207	443,262
	<u>7,191,294</u>	<u>6,499,939</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 233,729</u>	<u>\$ (97)</u>

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 Bursary	Unrestricted	Total 2012	Total 2011
NET ASSETS - BEGINNING OF YEAR	\$ 360,907	\$ 2,663,700	\$ 3,024,607	\$ 3,024,704
Excess (deficiency) of revenue over expenses	141	233,588	233,729	(97)
NET ASSETS - END OF YEAR	\$ 361,048	\$ 2,897,288	\$ 3,258,336	\$ 3,024,607

See accompanying notes

**MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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Statement of Financial Position

June 30

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,835,254	\$ 1,971,529
Short-term investment (Note 4)	1,065,080	317,609
Accounts receivable	251,626	222,110
Prepaid expenses (Note 5)	421,216	438,807
Total current assets	<u>4,573,176</u>	<u>2,950,055</u>
NON-CURRENT ASSETS		
Long-term investments (Note 4)	433,362	1,158,000
Victim bursary investments (Note 6)	361,048	360,907
Capital assets (Note 7)	31,852	40,933
Total non-current assets	<u>826,262</u>	<u>1,559,840</u>
TOTAL ASSETS	<u>\$ 5,399,438</u>	<u>\$ 4,509,895</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 616,616	\$ 343,230
Deferred contributions (Note 8)	1,524,486	1,142,058
Total liabilities	<u>2,141,102</u>	<u>1,485,288</u>
NET ASSETS		
Internally restricted victim bursary (Note 6)	361,048	360,907
Unrestricted	2,897,288	2,663,700
Total Net Assets	<u>3,258,336</u>	<u>3,024,607</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,399,438</u>	<u>\$ 4,509,895</u>

ON BEHALF OF THE BOARD



Robert Mann
Chairperson



Brian Westlake
Chair of the Finance Committee

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

	2012	2011
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 233,729	\$ (97)
Adjustments for		
Amortization	35,376	59,861
Gain on disposal of capital assets	<u>(13,600)</u>	<u>-</u>
	255,505	59,764
Change in non-cash working capital items		
Accounts receivable	(29,516)	(33,330)
Prepaid expenses	17,591	(107,920)
Accounts payable and accrued liabilities	273,386	(491,499)
Deferred contributions	<u>382,428</u>	<u>84,286</u>
	899,394	(488,699)
INVESTING ACTIVITIES		
Short-term and long-term investments	(22,833)	147,472
Victim bursary investments	(141)	(3,416)
Purchase of capital assets	(30,195)	(78,263)
Proceeds on disposal of capital assets	<u>17,500</u>	<u>-</u>
	(35,669)	65,793
INCREASE (DECREASE) IN CASH	863,725	(422,906)
CASH - BEGINNING OF YEAR	1,971,529	2,394,435
CASH - END OF YEAR	\$ 2,835,254	\$ 1,971,529

Cash consists of bank balances and cash on hand.

See accompanying notes

**MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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Notes to Financial Statements

Year ended June 30, 2012

1. ORGANIZATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

(b) Financial instruments

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value. It subsequently measures all its financial assets and financial liabilities, except investments and cash, at amortized cost. Investments are classified as held to maturity and are accounted for at face amount for deposits and notes, and at amortized cost for investments purchased at a premium or discount. Cash is measured at fair value.

Financial assets measured at amortized cost, include accounts receivable and other receivables.

Financial liabilities measured at amortized cost, include accounts payable and accrued liabilities.

MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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Notes to Financial Statements

Year ended June 30

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Capital assets

Capital assets are recorded at cost and 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

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

Donated capital assets are recorded at their fair value at acquisition date when this value can be reasonably estimated.

(d) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

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

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

(e) 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. Certain materials acquired to assist recipients in delivering MADD Canada's message, have been allocated from public outreach campaigns (fundraising) to public education, public awareness and research.

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Notes to Financial Statements

Year ended June 30

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Allocation of Expenses (continued)

The functions are:

(i) Public education, public awareness and research

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

(ii) Victim services

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

(iii) Youth programs

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

(iv) Public outreach campaigns (fundraising)

Public outreach campaigns include contacting the public by mail and by phone. While raising funds to further MADD Canada's mission, these campaigns inform the public of ways to prevent impaired driving and available victim services as well as inform about the programs that MADD Canada offers including youth education.

(v) General and administration expenses

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

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Notes to Financial Statements

Year ended June 30

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Contributed services

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

(g) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates.

3. FUTURE CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Not-for-Profit GAAP

In December 2010, the Accounting Standards Board issued a comprehensive set of new Canadian accounting standards for not-for-profit organizations (ASNPO) effective for fiscal periods beginning on or after January 1, 2012. When the end of a not-for-profit organization's annual reporting period does not coincide with the end of the calendar year, the mandatory date for first-time adoption of ASNPO is effective for fiscal periods beginning on or after December 31, 2011. Early adoption is permitted. The organization will be adopting ASNPO effective July 1, 2012 and believes the impact of these changes are not expected to materially affect the financial statements.

4. INVESTMENTS

Investments consist of:

Short-term investments mature from November 2012 to April 2013. The interest rates vary from 0.9% to 2.25% (2011 - 0.3% to 1.70%).

Long-term investments mature from August 2013 to February 2014. The interest rates vary from 0.85% to 2.71% (2011 - 1.85% to 2.71%).

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Notes to Financial Statements

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5. PREPAID EXPENSES

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

	2012	2011
Development costs of next year's School Assembly Program presentations	\$ 313,567	\$ 326,000
Insurance, rent and other	107,649	112,807
	\$ 421,216	\$ 438,807

6. VICTIM BURSARY

Victim bursary

The victim bursary investment is comprised of a Province of Ontario bond and premium interest. The bond matures in June 2013 and yields 3.47% (2011 - 3.47%).

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

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
School Assembly Program equipment	\$ 84,356	\$ 54,161	\$ 30,195	\$ 34,866
Equipment	52,445	51,249	1,196	3,589
Computer hardware	7,818	7,357	461	2,478
	\$ 144,619	\$ 112,767	\$ 31,852	\$ 40,933

Amortization for the year amounted to \$35,376 (2011 - \$59,861).

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8. DEFERRED CONTRIBUTIONS

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

	<u>2012</u>	<u>2011</u>
LCBO for School Assembly Programs	\$ 1,235,400	\$ 967,618
Other deferred contributions	289,086	174,440
	<u>\$ 1,524,486</u>	<u>\$ 1,142,058</u>

The Liquor Control Board of Ontario (LCBO) contribution was made on the condition that it be spent in Ontario during the 2012/2013 school year for English and French School Assembly Programs.

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

9. ALLOCATION OF EXPENSES

Public outreach campaigns (fundraising), which includes amounts paid to third party fundraisers and other fundraising costs, reported in the statement of operations of \$2,067,342 (2011 - \$1,751,570) are reported after allocation of \$95,789 (2011 - \$100,686) to the public education, public awareness and research programs. The allocation represents the cost of certain materials which are distributed by MADD Canada and are also included in direct mail campaigns. An important purpose of the materials is to assist recipients in accomplishing the programs' objectives.

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Notes to Financial Statements

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10. COMMITMENTS

The organization rents office premises for its national office under a lease which expires in September 30, 2015. The minimum annual lease payments are as follows:

2013	\$ 147,303
2014	149,438
2015	149,438
2016	<u>37,360</u>
	<u>\$ 483,539</u>

The organization also leases office equipment and one vehicle. These leases expire in October 2015 and payments are at an annual rate of \$28,407.

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

11. FINANCIAL RISK MANAGEMENT POLICY

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

(a) Credit risk

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

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

Cash and investments

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

Receivables

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

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Year ended June 30

11. FINANCIAL RISK MANAGEMENT POLICY (continued)

(b) Liquidity risk

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

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

(c) Market risk

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

Currency risk

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

Interest rate risk

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

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

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

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

**MOTHERS AGAINST DRUNK DRIVING (MADD CANADA)
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Notes to Financial Statements

Year ended June 30

12. TAX RECEIPTED DONATIONS

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

The amount of receipted donations for the year ended June 30, 2012 was not available at the time these statements were released. For the year ended June 30, 2011, the organization issued donation receipts for income tax purposes in the amount of \$3,189,293.

13. CAPITAL DISCLOSURE

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

14. COMPARATIVE FIGURES

Some comparative amounts have been reclassified to conform with the current year's presentation.
