

SMARTRISK Foundation

Financial Statements

For the year ended December 31, 2009

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Financial Statements
For the year ended December 31, 2009

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Auditors' Report

To the Members of SMARTRISK Foundation

We have audited the balance sheet of SMARTRISK Foundation (the Foundation) as at December 31, 2009 and the statements of changes in net assets, revenue and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 9, 2010

**SMARTRISK Foundation
Balance Sheet**

December 31 2009 2008

Assets

Current

Cash and cash equivalents (Note 2)	\$	532,957	\$	466,567
Accounts receivable		66,441		126,749
Prepaid expenses		81,072		22,438

		680,470		615,754
Capital assets (Note 3)		51,790		138,066
	\$	732,260	\$	753,820

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$	123,799	\$	151,128
Deferred contributions (Note 4)		540,862		613,148
Current portion of obligation under capital lease (Note 5)		4,458		-

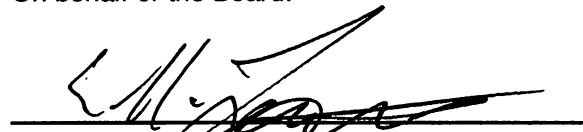
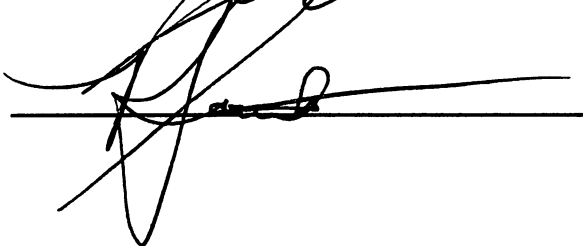
		669,119		764,276
Deferred contributions related to capital assets (Note 6)		9,274		129,898
Obligation under capital lease (Note 5)		21,128		-
		699,521		894,174

Net assets

Net assets invested in capital assets		16,930		8,168
Unrestricted net assets		15,809		(148,522)
		32,739		(140,354)

	\$	732,260	\$	753,820
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On behalf of the Board:


 _____ Director

 _____ Director

SMARTRISK Foundation Statement of Changes in Net Assets

For the year ended December 31, 2009

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	\$ 8,168	\$ -	\$ (148,522)	\$ (140,354)
Net excess (deficiency) of revenue over expenditures for the year	(42,644)	-	215,737	173,093
Amortization of capital assets	(52,921)	-	52,921	-
Proceeds on disposal of capital assets	(16,600)	-	16,600	-
Amortization of deferred contributions relating to capital assets	120,558	-	(120,558)	-
Repayment of capital lease obligation	369	-	(369)	-
Balance, end of year	\$ 16,930	\$ -	\$ 15,809	\$ 32,739

For the year ended December 31, 2008

	Invested in Capital Assets	Internally Restricted	Unrestricted	Total
Balance, beginning of year	\$ 7,985	\$ 240,000	\$ (214,709)	\$ 33,276
Net excess (deficiency) of revenue over expenditures for the year	(6,317)	-	(167,313)	(173,630)
Capital asset additions	15,178	-	(15,178)	-
Amortization of capital assets	(75,244)	-	75,244	-
Amortization of deferred contributions relating to capital assets	66,566	-	(66,566)	-
Transfer from internally restricted to unrestricted net assets	-	(240,000)	240,000	-
Balance, end of year	\$ 8,168	\$ -	\$ (148,522)	\$ (140,354)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SMARTRISK Foundation Statement of Revenue and Expenditures

For the year ended December 31	2009	2008
Revenue		
Grants (Note 7)	\$ 1,010,967	\$ 1,025,397
Program sponsorships	394,713	322,569
Program venues	52,864	184,250
Event and special projects	55,816	127,756
Fund development	475,445	656,156
Other income	37,255	55,507
Amortization of deferred contributions relating to capital assets (Note 6)	120,558	66,566
	2,147,618	2,438,201
Expenditures		
Personnel costs	1,076,643	1,503,246
Travel and conferences	83,117	154,256
Cost of services and materials	427,694	492,785
Research and marketing	7,168	37,335
Other event and project costs	35,677	36,750
Rent and office administration	248,661	312,215
Amortization	52,921	75,244
Write-down of capital assets	48,627	-
Gain on disposal of capital assets	(5,983)	-
	1,974,525	2,611,831
Net excess (deficiency) of revenue over expenditures	\$ 173,093	\$ (173,630)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

SMARTRISK Foundation Statement of Cash Flows

For the year ended December 31

2009

2008

Cash provided by (used in)

Operating activities

Net excess (deficiency) of revenue over expenditures for the year	\$	173,093	\$	(173,630)
Adjustments to reconcile net excess (deficiency) of revenue over expenditures to net cash provided by operating activities:				
Amortization		52,921		75,244
Amortization of deferred contributions relating to capital assets		(120,558)		(66,566)
Write-down of capital assets		48,627		6,317
Gain on disposal of capital assets		(5,983)		-
Changes in non-cash working capital balances				
Accounts receivable		60,308		210,774
Prepaid expenses		(58,634)		7,173
Accounts payable and accrued liabilities		(27,329)		(209,263)
Deferred contributions		(72,286)		65,730
		50,159		(84,221)

Investing activities

Purchase of capital assets	-		(15,178)	
Proceeds from sale of capital assets	16,600		-	
		16,600		(15,178)

Financing activities

Repayment of capital lease obligation		(369)		-
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Net increase (decrease) in cash during the year

66,390 (99,399)

Cash and cash equivalents, beginning of year

466,567 565,966

Cash and cash equivalents, end of year

\$ 532,957 \$ 466,567

SMARTRISK Foundation

Summary of Significant Accounting Policies

December 31, 2009

Organization

The Foundation was incorporated under the Canada Corporations Act on June 25, 1991 as a corporation without share capital. The Foundation's mission is to empower youth through education, programming and policy change to recognize and manage their risks of injury in the smartest way possible.

The Foundation is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Basis of Presentation

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Typical of many not-for-profit organizations, the Foundation's ability to continue as a going concern is dependent upon achieving a balanced budget and successfully addressing any overall deficit position. The Foundation has developed and is currently pursuing a number of fundraising and operational initiatives to achieve these goals.

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions whereby contributions received for specific projects and events are recognized as the related project expenditures are incurred and events are held.

General contributions are recognized as revenue when received or receivable and collection is reasonably assured.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and money market funds which are carried at fair value, which approximates cost, and are readily convertible to cash.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on the following basis:

Computer software and equipment	- straight line basis over three years
Computer equipment under capital lease	- straight line basis over three years
Leasehold improvements	- straight line basis over ten years
Office equipment	- straight line basis over ten years
Office furniture	- straight line basis over ten years
Vehicle	- 30% declining balance

Donated Equipment and Services

The Foundation records donated equipment and services, other than volunteers, at estimated fair market value when fair market value can be reasonably estimated. Included in revenues and expenses is \$29,803 in donated legal services provided to the Foundation.

SMARTRISK Foundation

Summary of Significant Accounting Policies

December 31, 2009

Financial Instruments

It is management's opinion that the Foundation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments. The Foundation maintains all of its cash and cash equivalents at one financial institution.

The Foundation accounts for cash and cash equivalents as held-for-trading which are carried at fair value. Accounts receivable are classified as loans and receivables and are initially measured at fair value and carried at amortized cost. Accounts payable and accrued liabilities and obligation under capital lease are classified as other financial liabilities and are initially measured at fair value and carried at amortized cost.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relative short periods to maturity of these items or because they are receivable or payable on demand.

New Accounting Pronouncements

There are no new recent accounting pronouncements that have been issued but are not yet effective that would have a significant impact on the financial statements of the Foundation.

SMARTRISK Foundation

Notes to Financial Statements

December 31, 2009

1. Adoption of Accounting Policies and Amendments

Effective January 1, 2009, the Foundation adopted the CICA amendments to the following accounting standards, which did not have a significant effect on the financial statement presentation or disclosures:

Section 1000	-	Financial Statement Concepts
Section 1540	-	Cash Flow Statements
Section 3064	-	Goodwill and Intangible Assets
Section 4400	-	Financial Statement Presentation by Not-for-Profit Organizations
Section 4430	-	Capital Assets Held by Not-for-Profit Organizations
Section 4600	-	Disclosure of Related Party Transactions by Not-for-Profit Organizations

Effective January 1, 2009, the Foundation adopted the following accounting standard, which did not have an effect on the financial statement presentation or disclosures:

Section 4470	-	Disclosure of Allocated Expenses by Not-for-Profit Organizations
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2. Cash and Cash Equivalents

Included in cash and cash equivalents is a T-Bill mutual fund amounting to \$33,940 (2008 - \$33,822).

3. Capital Assets

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer software and equipment	\$ 8,032	\$ 4,016	\$ 4,016	\$	14,824
Computer equipment under capital lease	25,955	-	25,955	-	-
Leasehold improvements	-	-	-	-	76,038
Office equipment	7,146	1,072	6,074	-	24,551
Office furniture	216,089	200,344	15,745	-	10,132
Vehicle	-	-	-	-	12,521
	\$ 257,222	\$ 205,432	\$ 51,790	\$	138,066

SMARTRISK Foundation Notes to Financial Statements

December 31, 2009

4. Deferred Contributions

Deferred contributions represent unspent resources, externally restricted for projects and operating funding, received in the prior and current years that are related to the subsequent year's activities. Changes in the deferred contributions balance are as follows:

	Balance, beginning of year	Contributions received during the year	Recognized as revenue during the year	Balance, end of year
Ministry of Health Promotion	\$ 12,322	\$ 561,767	\$ 502,881	\$ 71,208
No Regrets Live / Heroes	149,600	206,430	176,030	180,000
No Regrets	306,740	649,002	837,115	118,627
Other	144,486	136,894	110,353	171,027
	\$ 613,148	\$ 1,554,093	\$ 1,626,379	\$ 540,862

5. Obligation Under Capital Lease

During the year, the Foundation entered into a capital lease for computer equipment. Minimum lease payments under the capital lease are as follows:

2010	\$ 6,491
2011	6,491
2012	6,491
2013	6,491
2014	5,951
	31,915
Less: Imputed interest at 7.94%	6,329
	25,586
Current portion	4,458
	\$ 21,128

The lease is secured by the related equipment.

SMARTRISK Foundation Notes to Financial Statements

December 31, 2009

6. Deferred Contributions Related to Capital Assets

The deferred contributions related to capital assets represent the value of donated capital assets, net of accumulated amortization. The deferred contributions are recognized as revenue on the same basis as the amortization expense of the related capital asset.

7. Grants

	2009	2008
Health Canada		
Canadian Health Network	\$ -	\$ 59,700
No Regrets	49,461	74,589
Ontario Public Health Association		
Ontario Injury Prevention Resource Centre	561,767	705,364
Ontario Trillium Foundation	14,986	-
Ontario Ministry of Transportation	-	17,000
Other grants	384,753	168,744
 Total grants	 \$ 1,010,967	 \$ 1,025,397

8. Commitments

The Foundation has entered into a lease for a minimum annual base rent of approximately \$37,400, plus operating costs and realty taxes of approximately \$61,100, expiring on October 31, 2014.

During the year the Foundation entered into an agreement to sublease it's prior premises for a minimum annual base rent of approximately \$47,300, plus operating costs and realty taxes of approximately \$90,000 expiring on September 30, 2010. The original lease expiry coincides with the sublease period. The Foundation is obligated to pay minimum annual base rent of approximately \$51,500, plus operating costs and realty taxes of approximately \$90,600 expiring September 30, 2010.

SMARTRISK Foundation Notes to Financial Statements

December 31, 2009

9. Financial Instrument Risk Exposure and Management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is as follows:

- (a) **General Objective, Policies and Processes:**
The Board and management are responsible for the determination of the Foundation's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Foundation measures and monitors risk through the preparation and review of monthly reports by management.
- (b) **Credit Risk:**
Financial instruments potentially exposed to credit risk include cash and cash equivalents and accounts receivable. Management considers its exposure to credit risk over cash and cash equivalents to be remote as the Foundation holds cash deposits at one major Canadian bank. Accounts receivable are not concentrated significantly and therefore the carrying amount of accounts receivable represents the maximum credit risk exposure.
- (c) **Interest Rate Risk:**
The Foundation is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of investments. To manage interest rate exposure, the Foundation invests in fixed income vehicles backed by a chartered bank.
- (d) **Liquidity Risk:**
Liquidity risk is the risk the Foundation will not be able to meet its financial obligations as they come due. The Foundation has taken steps to ensure that it will have sufficient working capital available to meet its obligations.

10. Capital Management

The Foundation considers its capital to be comprised of its net assets and deferred contributions. The Foundation is not subject to externally imposed capital requirements.

The Foundation manages its capital to safeguard the organization's ability to operate effectively and to meet its financial obligations as they become due.

11. Comparative Amounts

Certain comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.