

Financial Statements

Ontario Rett Syndrome Association

London, Ontario

March 31, 2014

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Independent Auditors' Report

To the Members of Ontario Rett Syndrome Association:

We have audited the accompanying financial statements of Ontario Rett Syndrome Association, which comprise the statement of financial position as at March 31, 2014 and the statements of research grant fund, accumulated surplus, operations 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Association'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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

continued...

Independent Auditors' Report - continued

Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to contributions, surplus, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ontario Rett Syndrome Association as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
August 4, 2014



Chartered Accountants, Licensed Public Accountants

Ontario Rett Syndrome Association

March 31, 2014

Statement of Financial Position	2014	2013
Current Assets		
Cash	\$ 238,947	\$ 163,832
Accounts receivable	0	324
HST receivable	5,952	9,805
Inventory	1,774	5,491
Prepaid expenses	13,035	3,540
Restricted Funds	5,050	0
	<hr/>	<hr/>
	264,758	182,992
Current Liabilities		
Accounts payable and accrued liabilities	43,048	19,339
Deferred revenue	12,590	0
Total Current	55,638	19,339
Net Assets		
<i>Restricted</i>		
Research Grant Fund, Note 3, per statement	5,050	0
<i>Unrestricted</i>		
Accumulated surplus, per statement	204,070	163,653
	<hr/>	<hr/>
	264,758	182,992

Approved by The Board

Terry Boyd

President

Debbie Tkaczuk

Treasurer

The notes on pages 9 through 10 form an integral part of these financial statements.

Ontario Rett Syndrome Association

Year ended March 31, 2014

Statement of Research Grant Fund	2014	2013
Balance beginning	\$ 0	\$ 0
Add		
Transfer to research grant fund	5,050	0
Balance March 31	5,050	0

Statement of Accumulated Surplus	2014	2013
Balance beginning	163,653	127,621
Add (deduct)		
Surplus	45,467	36,032
Transfer from (to) research grant fund	(5,050)	0
Balance March 31	204,070	163,653

Ontario Rett Syndrome Association

Year ended March 31, 2014

Statement of Operations	2014	2013
Revenues		
Fundraising	\$ 140,724	\$ 109,935
Contributions	41,979	49,929
Research grant fund	5,050	0
Member dues	4,945	4,780
Resource centre	(4,193)	3,645
Conference	0	14,755
Total Revenues	188,505	183,044
Expenses		
Board and committee development	691	5,631
Chapter meetings	2,745	345
CHEO	20,000	20,000
Conference/workshops	13,252	56,906
Contract labour	7,080	2,988
Fundraising expenses	14,189	7,866
Insurance	3,677	3,618
Parent relief and support	705	1,073
Newsletter	5,798	4,036
Office lease	1,106	1,104
National registry	33,316	450
Professional fees	7,527	6,994
Resources and supplies	10,901	13,132
Telephone	1,807	2,246
Travel and hotel	18,289	19,309
Website	1,657	819
Bank charges	298	495
Total Expenses	143,038	147,012
Surplus	45,467	36,032

Ontario Rett Syndrome Association

Year ended March 31, 2014

Statement of Cash Flows	2014	2013
Operating Activities		
Cash receipts	\$ 204,948	\$ 180,500
Cash disbursements	<u>(129,833)</u>	<u>(142,735)</u>
<i>Cash Provided By Operating Activities</i>	<u>75,115</u>	<u>37,765</u>
Net cash increase during the year	75,115	37,765
Cash position beginning of year	163,832	126,067
<i>Cash Position End Of Year</i>	<u>238,947</u>	<u>163,832</u>

Notes to Financial Statements

Status and Nature of Activities

The Ontario Rett Syndrome Association (the Association) was incorporated under the Ontario Corporations Act as a corporation without share capital on July 21, 1991 to provide information and resources to individuals suffering from rett syndrome.

The Association is a charitable organization within the meaning of the Income Tax Act.

The Association receives funding by soliciting donations and is dependent on this funding for its continued operation.

Note 1

Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Use of Estimates

The preparation of financial statements requires the Board of Directors to make assumptions about future events 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 1 Significant Accounting Policies - continued

Financial Instruments

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

Note 2 Financial Instruments

The Association's financial instruments consist of cash and accounts payable.

Credit Risk

The Association is subject to concentrations of credit risk through its cash accounts and account receivable with Canada Revenue Agency (CRA). The Association maintains all of its cash at major Canadian financial institutions. The account receivable from CRA is the public service body rebate. The maximum credit risk is equivalent to the carrying value. Management believes that the credit risk concentration with respect to its cash and account receivable is remote.

Foreign Currency Risk

The Association's functional currency is the Canadian dollar. The Association does not engage in any activities in foreign currency and as a result, it is the opinion of the board that the Association is not exposed to significant foreign currency risk.

Note 3 Restriction on Net Assets

The research grant fund is externally restricted by the donors. These funds can only be used to fund scientific research towards the betterment of those who suffer from Rett syndrome, subject to approval by the Board of Directors upon exceeding \$100,000 in total funds.