

Financial Statements

Ontario Rett Syndrome Association

London, Ontario

March 31, 2013

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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, 2013, March 31, 2012 and April 1, 2011 and the statements of accumulated surplus, operations and cash flows for the years ended March 31, 2013 and March 31, 2012, 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
August 1, 2013

Chartered Accountants, Licensed Public Accountants

Ontario Rett Syndrome Association

March 31, 2013

Statement of Financial Position	2013	2012	April 1, 2011
Current Assets			
Cash	\$ 163,832	\$ 126,067	\$ 162,293
Accounts Receivable	324	0	0
HST	9,805	7,819	5,250
Inventory	5,491	4,962	7,697
Prepaid expenses	3,540	1,279	5,512
	<u>182,992</u>	<u>140,127</u>	<u>180,752</u>
Current Liabilities			
Accounts payable and accrued liabilities	19,339	12,506	4,446
Net Assets			
Accumulated surplus, per statement	163,653	127,621	176,306
	<u>182,992</u>	<u>140,127</u>	<u>180,752</u>

Approved by The Board

Shari Hamelin

Vice - President

Debbie Tkaczuk

Treasurer

The notes on pages 9 through 11 form an integral part of these financial statements.

Ontario Rett Syndrome Association

Year ended March 31, 2013

Statement of Accumulated Surplus	2013	2012
Balance beginning	\$ 127,621	\$ 176,306
Add (deduct)		
Surplus (deficit)	36,032	(48,685)
<i>Balance March 31</i>	163,653	127,621

Ontario Rett Syndrome Association

Year ended March 31, 2013

Statement of Operations	2013	2012
Revenues		
Fundraising	\$ 109,935	\$ 59,183
Contributions	49,929	36,036
Member dues	4,780	1,970
Resource centre	3,645	(1,020)
Conference	14,755	1,840
Other	0	244
Total Revenues	183,044	98,253
Expenses		
Board & committee development	5,631	6,747
Chapter meetings	345	2,962
CHEO	20,000	20,000
Conference/workshops	56,906	7,089
Contract labour	2,988	450
Fundraising expenses	7,866	8,912
Insurance	3,618	3,258
Mothers' weekend	0	184
Parent relief & support	1,073	0
Newsletter	4,036	3,461
Office lease	1,104	1,103
National registry	450	17,271
Professional fees	6,994	4,660
Research	0	32,286
Resources and supplies	13,132	12,895
Telephone	2,246	3,236
Travel & hotel	19,309	18,766
Website	819	1,864
Bank charges	495	1,794
Total Expenses	147,012	146,938
Surplus (Deficit)	36,032	(48,685)

Ontario Rett Syndrome Association

Year ended March 31, 2013

Statement of Cash Flows	2013	2012
Operating Activities		
Cash receipts	\$ 180,500	\$ 95,684
Cash disbursements	(142,735)	(131,910)
Cash Provided By (Used In) Operating Activities	<u>37,765</u>	<u>(36,226)</u>
Net cash increase (decrease) during the year	37,765	(36,226)
Cash position beginning of year	126,067	162,293
Cash Position End Of Year	<u>163,832</u>	<u>126,067</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

Impact of the Change in the Basis of Accounting

The Association has elected to apply Canadian accounting standards for Not-for-Profit Organizations (NFPOs).

These financial statements are the first financial statements for which the Association has applied Canadian accounting standards for NFPOs.

The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in the First-Time Adoption, Section 1501, for first-time adopters of this basis of accounting.

The application of adopting this new financial reporting framework had no impact on the previously reported financial position as at April 1, 2011 and March 31, 2012 or to previously reported surplus or net assets for the year ended March 31, 2012. Consequently, a reconciliation of previously reported surplus to surplus as reported using accounting standards for NFPOs was not prepared.

Note 3

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.

Fair Value

The fair values of cash and accounts payable are approximately equal to their carrying value due to their short term nature.

Note 4

Subsequent Event

Subsequent to year-end, the Association entered into a contract with the Rett Syndrome Pathway Clinic at Holland Bloorview Kids Rehabilitation Hospital, to provide funding of \$6,552 per year for two years commencing April 1, 2013.