

Financial Statements

Ontario Rett Syndrome Association

London, Ontario

March 31, 2016

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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, 2016 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

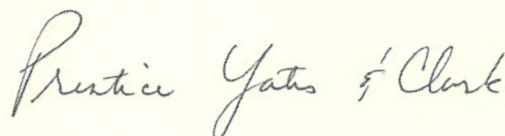
Basis for Qualified Opinion

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, 2016 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
July 23, 2016



Chartered Professional Accountants, Licensed Public Accountants

Ontario Rett Syndrome Association

March 31, 2016

Statement of Financial Position

	2016	2015
Current Assets		
Cash	\$ 214,712	\$ 164,500
HST receivable	3,858	9,544
Prepaid expenses	12,271	1,160
Total Current	230,841	175,204
Restricted Funds, Note 4	106,850	100,000
	337,691	275,204
Current Liabilities		
Accounts payable and accrued liabilities	15,626	24,604
Deferred revenue	27,418	0
Total Current	43,044	24,604
Net Assets		
<i>Restricted</i>		
Research Grant Fund, per statement, Note 4	106,850	100,000
<i>Unrestricted</i>		
Accumulated surplus, per statement	187,797	150,600
	337,691	275,204

Approved by The Board

Terry Boyd

Director

Debbie Tkaczuk

Director

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

Ontario Rett Syndrome Association

Year ended March 31, 2016

Statement of Research Grant Fund

	2016	2015
Balance beginning	\$ 100,000	\$ 5,050
Add		
Transfer from accumulated surplus	6,850	94,950
Balance March 31	106,850	100,000

Statement of Accumulated Surplus

Balance beginning	150,600	204,070
Add (deduct)		
Surplus	44,047	41,480
Transfer to research grant fund	(6,850)	(94,950)
Balance March 31	187,797	150,600

Ontario Rett Syndrome Association

Year ended March 31, 2016

Statement of Operations	2016	2015
Revenues		
Fundraising	\$ 114,678	\$ 146,320
Conference	0	49,195
Contributions	58,639	40,147
Research contributions	38,803	10,000
Member education	0	6,040
Member dues	3,630	2,580
Resource centre	584	(1,068)
Total Revenues	216,334	253,214
Expenses		
Board and committee development	5,594	6,889
Member education and outreach	3,609	31,759
Children's Hospital of Eastern Ontario	40,000	0
Conference and workshops	1,965	56,250
Contract labour	8,705	10,316
Fundraising	12,418	14,426
Insurance	3,822	3,434
Parent relief and support	1,125	810
Newsletter	0	1,973
Office	520	1,200
National registry (net of \$12,780 write-off)	3,351	37,680
Professional fees	5,955	4,999
Resources and supplies	10,626	7,745
Telephone	1,802	1,535
Travel and hotel	13,918	12,661
Website	2,279	2,087
Bank charges	1,984	2,499
Research disbursement	50,000	0
Thames Valley	4,614	6,875
Canadian Institutes of Health Research	0	8,596
Total Expenses	172,287	211,734
Surplus	44,047	41,480

Ontario Rett Syndrome Association

Year ended March 31, 2016

Statement of Cash Flows

	2016	2015
		Note 3
Operating Activities		
Surplus	\$ 44,047	\$ 41,480
Net change in non-cash working capital	13,015	(20,977)
Cash Provided By Operating Activities	57,062	20,503
Investing Activities		
Increase in restricted funds	(6,850)	(94,950)
Cash Used In Investing Activities	(6,850)	(94,950)
Net cash increase (decrease) during the year	50,212	(74,447)
Cash position beginning of year	164,500	238,947
Cash Position End Of Year	214,712	164,500

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 management 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.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its current payables. This risk is reduced because of considerable sums held in the operating account.

Note 3 Classification

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Surplus for the previous year is not affected by the reclassification.

Ontario Rett Syndrome Association

March 31, 2016

Note 4 Restriction on Net Assets

The research grant fund is restricted externally by the donors and internally by the Board of Directors. These funds can only be used to fund scientific research towards the betterment of those who live with Rett syndrome. During the year, the Board approved an investment in a GIC and several transfers into the fund until the fund had a balance of \$106,850.

Note 5 Subsequent Event

Subsequent to year-end, the Association entered into agreements with the University of Manitoba and University Hospital Network Research to provide funding of \$25,000 to each organization for research purposes.