

Financial Statements

Ontario Rett Syndrome Association

London, Ontario

March 31, 2020

Contents

Independent Auditors' Report.....	3 - 5
Statement of Financial Position.....	6
Statement of Research Grant Fund.....	7
Statement of Accumulated Surplus.....	7
Statement of Operations.....	8
Statement of Cash Flows.....	9
Notes to Financial Statements.....	10 - 11

Independent Auditors' Report

To the Members of Ontario Rett Syndrome Association:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Ontario Rett Syndrome Association, which comprise the statement of financial position as at March 31, 2020 and the statements of research grant fund, accumulated surplus, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Ontario Rett Syndrome Association as at March 31, 2020, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we are not able to determine whether any adjustments might be necessary to donations revenue, surplus (deficit) and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at March 31, 2020 and March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Ontario Rett Syndrome Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Independent Auditors' Report - continued

In preparing the financial statements, management is responsible for assessing Ontario Rett Syndrome Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Ontario Rett Syndrome Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Ontario Rett Syndrome Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ontario Rett Syndrome Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.

Independent Auditors' Report - continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario
July 2, 2020

A handwritten signature in cursive script that reads "Pruthi Yatho & Clark".

Chartered Professional Accountants, Licensed Public Accountants

Ontario Rett Syndrome Association

March 31, 2020

Statement of Financial Position	2020	2019
Current Assets		
Cash	\$ 174,555	\$ 135,866
Equities	10,892	11,439
HST receivable	2,800	8,110
Prepaid expenses	2,378	2,236
Total Current	190,625	157,651
Restricted Funds , Note 3	100,838	172,172
	291,463	329,823
Current Liabilities		
Accounts payable and accrued liabilities	9,848	8,623
Net Assets		
<i>Restricted</i>		
Research Grant Fund, per statement, Note 3	100,838	172,172
<i>Unrestricted</i>		
Accumulated surplus, per statement	180,777	149,028
	291,463	329,823

Approved by The Board

Director Kevin Morton

Director Joan Li

The notes on pages 10 and 11 form an integral part of these financial statements.

Ontario Rett Syndrome Association

Year ended March 31, 2020

Statement of Research Grant Fund	2020	2019
Balance beginning	\$ 172,172	\$ 195,040
Deduct		
Transfer to accumulated surplus	(71,334)	(22,868)
Balance March 31	100,838	172,172

Statement of Accumulated Surplus	2020	2019
Balance beginning	149,028	44,183
Add (deduct)		
Surplus (deficit)	(39,585)	81,977
Transfer from research grant fund	71,334	22,868
Balance March 31	180,777	149,028

Ontario Rett Syndrome Association

Year ended March 31, 2020

Statement of Operations	2020	2019
Revenues		
Investment income	\$ 1,932	\$ 2,935
Fundraising	124,790	136,694
Conference	0	45,011
Donations	46,010	36,952
Research contributions	70,289	35,420
Resource centre, net	(606)	356
Total Revenues	242,415	257,368
Expenses		
Board and committee development	8,630	1,726
Member education and outreach	1,721	918
Children's Hospital of Eastern Ontario	40,000	0
Conference and workshops	635	70,981
Contract labour	8,264	8,163
Fundraising	10,040	10,307
Insurance	4,500	4,351
Parent relief and support	570	345
Office	1,355	1,339
National registry	828	1,143
Professional fees	8,842	5,780
Resources and supplies	1,627	4,133
Travel and hotel	10,406	4,071
Website	0	488
Bank charges	1,379	3,739
Research disbursement, net	168,668	50,000
Bloorview	8,039	6,677
Thames Valley	5,446	0
Membership fees	1,050	1,230
Total Expenses	282,000	175,391
Surplus (Deficit)	(39,585)	81,977

Ontario Rett Syndrome Association*Year ended March 31, 2020*

Statement of Cash Flows	2020	2019
Operating Activities		
Surplus (deficit)	\$ (39,585)	\$ 81,977
Net change in non-cash working capital	6,393	6,728
<i>Cash Provided By (Used In) Operating Activities</i>	<i>(33,192)</i>	<i>88,705</i>
Investing Activities		
Decrease in investments	71,881	11,429
<i>Cash Provided By Investing Activities</i>	<i>71,881</i>	<i>11,429</i>
Net cash increase during the year	38,689	100,134
Cash position beginning of year	135,866	35,732
<i>Cash Position End of Year</i>	<i>174,555</i>	<i>135,866</i>

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.

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.

Measurement of Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value.

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, accounts receivable, equities 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.

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 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 a transfer from the fund to the accumulated surplus.

Note 4 Subsequent Event - COVID-19

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The Association had to cancel their 2020 conference. It is not possible to estimate the actual financial effects at this time.