

Financial Statements

Ontario Rett Syndrome Association

London, Ontario

March 31, 2023

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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 (the Association), which comprise the statement of financial position as at March 31, 2023 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, 2023, 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 and cash flows from operations for the years ended March 31, 2023 and March 31, 2022, and current assets and net assets as at March 31, 2023 and March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 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
August 2, 2023

A handwritten signature in black ink that reads "Pruthi Yathu & Clark". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants

Ontario Rett Syndrome Association

March 31, 2023

Statement of Financial Position	2023	2022
Current Assets		
Cash	\$ 242,969	\$ 195,264
Fixed income securities	22,532	23,596
Equities	16,928	17,277
Accounts receivable (net of allowance 2023 \$0, 2022 \$0)	1,966	0
HST receivable	2,224	1,676
Prepaid expenses	2,665	2,341
Total Current	289,284	240,154
Restricted Funds , Note 3	102,875	100,273
	392,159	340,427
Current Liabilities		
Accounts payable and accrued liabilities	7,834	6,581
Deferred revenue, conference	6,250	0
Total Liabilities	14,084	6,581
Net Assets		
<i>Restricted</i>		
Research Grant Fund, per statement, Note 3	102,875	100,273
<i>Unrestricted</i>		
Accumulated surplus, per statement	275,200	233,573
	378,075	333,846
	392,159	340,427

Approved by The Board

President: Sabrina Milson

Treasurer: 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, 2023

Statement of Research Grant Fund	2023	2022
Balance beginning	\$ 100,273	\$ 100,154
Add		
Transfer from accumulated surplus	2,602	119
<i>Balance March 31</i>	102,875	100,273

Statement of Accumulated Surplus	2023	2022
Balance beginning	233,573	229,975
Add (deduct)		
Surplus	44,229	3,717
Transfer to research grant fund	(2,602)	(119)
<i>Balance March 31</i>	275,200	233,573

Ontario Rett Syndrome Association

Year ended March 31, 2023

Statement of Operations	2023	2022
Revenues		
Investment income	\$ 2,259	\$ 2,056
Fundraising	80,203	48,234
Donations	67,829	54,869
Research contributions	3,658	34,041
Member education events	1,000	3,000
Resource centre, net	188	0
Total Revenues	155,137	142,200
Expenses		
Board and committee development	1,330	1,046
Hope fund research grant	48,843	79,052
Member education and outreach	5,723	4,569
Children's Hospital of Eastern Ontario	10,000	20,000
Conference and workshops	403	0
Administrative services	4,157	3,135
Fundraising	12,307	3,126
Insurance	5,423	3,900
Office	1,951	1,646
National registry	690	994
Professional fees	5,584	4,386
Resources and supplies	2,381	7,856
Travel and hotel	6,558	799
Website	4,470	614
Bank charges	125	160
Research disbursement, net	863	0
Thames Valley Children's Centre	0	6,528
Membership fees	100	672
Total Expenses	110,908	138,483
Surplus	44,229	3,717

Ontario Rett Syndrome Association

Year ended March 31, 2023

Statement of Cash Flows	2023	2022
Operating Activities		
Surplus	\$ 44,229	\$ 3,717
Net change in non-cash working capital	4,665	(3,054)
<i>Cash Provided By Operating Activities</i>	48,894	663
Investing Activities		
Increase in investments	(1,189)	(218)
<i>Cash Used In Investing Activities</i>	(1,189)	(218)
Net cash increase during the year	47,705	445
Cash position beginning of year	195,264	194,819
<i>Cash Position End of Year</i>	242,969	195,264

Notes to Financial Statements

Status and Nature of Activities

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.

Contributed Materials and Services

The Association does not record contributed materials and services.

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

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 accumulated surplus to the fund.