

# **Financial Statements**

## **Ontario Rett Syndrome Association**

London, Ontario

*March 31, 2024*

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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, 2024 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, 2024, 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, 2024 and March 31, 2023, and current assets and net assets as at March 31, 2024 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2023 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 19, 2024

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

Chartered Professional Accountants, Licensed Public Accountants

## Ontario Rett Syndrome Association

March 31, 2024

<b>Statement of Financial Position</b>	2024	2023
<b>Current Assets</b>		
Cash	\$ 129,869	\$ 242,969
Fixed income securities	23,078	22,532
Equities	20,557	16,928
Accounts receivable (net of allowance 2024 \$0, 2023 \$0)	8,910	1,966
HST receivable	9,120	2,224
Prepaid expenses	4,325	2,665
<b>Total Current</b>	195,859	289,284
<b>Restricted Funds</b> , Note 3	107,001	102,875
	302,860	392,159
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	8,665	7,834
Deferred revenue	0	6,250
<b>Total Liabilities</b>	8,665	14,084
<b>Net Assets</b>		
<i>Restricted</i>		
Research Grant Fund, per statement, Note 3	107,001	102,875
<i>Unrestricted</i>		
Accumulated surplus, per statement	187,194	275,200
	294,195	378,075
	302,860	392,159

### Approved by The Board

President: Sabrina Millson

Treasurer: Joan Li

The notes on pages 10 through 12 form an integral part of these financial statements.

## Ontario Rett Syndrome Association

Year ended March 31, 2024

<b>Statement of Research Grant Fund</b>	2024	2023
Balance beginning	\$ 102,875	\$ 100,273
Add		
Transfer from accumulated surplus	4,126	2,602
<b>Balance March 31</b>	<b>107,001</b>	<b>102,875</b>

<b>Statement of Accumulated Surplus</b>	2024	2023
Balance beginning	275,200	233,573
Add (deduct)		
Surplus (deficit)	(83,880)	44,229
Transfer to research grant fund	(4,126)	(2,602)
<b>Balance March 31</b>	<b>187,194</b>	<b>275,200</b>

## Ontario Rett Syndrome Association

*Year ended March 31, 2024*

<b>Statement of Operations</b>	2024	2023
<b>Revenues</b>		
Investment income	\$ 10,619	\$ 2,259
Fundraising	67,932	80,203
Conference	31,839	0
Donations	58,945	67,829
Research contributions	12,786	3,658
Member education events	0	1,000
Resource centre, net	29	188
FLASH camp	27,500	0
Calendar sales	2,484	0
Anavex trial administrative fees	1,275	0
<b>Total Revenues</b>	<b>213,409</b>	<b>155,137</b>
<b>Expenses</b>		
Board and committee development	4,013	1,330
Hope fund research grant	150,000	48,843
Member education and outreach	1,571	5,723
Children's Hospital of Eastern Ontario	0	10,000
Conference and workshops	52,378	403
Administrative services	6,709	4,157
Fundraising	12,827	12,307
Insurance	3,251	5,423
Office	1,990	1,951
National registry	7,772	690
Professional fees	5,600	5,584
Resources and supplies	11,755	2,381
Travel and hotel	2,293	6,558
Website	2,778	4,470
Bank charges	276	125
Research disbursement, net	0	863
Thames Valley Children's Centre	12,058	0
Membership fees	1,299	100
FLASH camp	20,719	0
<b>Total Expenses</b>	<b>297,289</b>	<b>110,908</b>
<b>Surplus (Deficit)</b>	<b>(83,880)</b>	<b>44,229</b>



## Ontario Rett Syndrome Association

Year ended March 31, 2024

<b>Statement of Cash Flows</b>	2024	2023
<b>Operating Activities</b>		
Surplus (deficit)	\$ (83,880)	\$ 44,229
Net change in non-cash working capital	(20,919)	4,665
<b><i>Cash Provided By (Used In) Operating Activities</i></b>	<b><i>(104,799)</i></b>	<b><i>48,894</i></b>
<b>Investing Activities</b>		
Increase in investments	(8,301)	(1,189)
<b><i>Cash Used In Investing Activities</i></b>	<b><i>(8,301)</i></b>	<b><i>(1,189)</i></b>
Net cash increase (decrease) during the year	(113,100)	47,705
Cash position beginning of year	242,969	195,264
<b><i>Cash Position End of Year</i></b>	<b><i>129,869</i></b>	<b><i>242,969</i></b>

**Notes to Financial Statements**

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**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 research contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Donations are recognized as revenue when received.

Revenue from member events, fundraising activities, conferences and camps are recognized in the year that the activity took place.

Revenue from calendar and resource centre sales are recognized in the year that the sale is made.

Revenue from Anavex trial administrative fees are recognized in the year the service was provided.

Investment income includes interest from fixed income securities and reinvested distributions from mutual funds. Revenue is recognized on an accrual basis. Interest from fixed income securities is recognized over the term of these investments using the effective interest method.

**Contributed Materials and Services**

The Association does not record contributed materials and services.

**Note 1            Significant Accounting Policies - continued**

**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, fixed income securities, 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.

**Note 2            Financial Instruments - continued**

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

**Interest Rate Risk**

The Association manages its investment based on its cash flow needs and with a view to optimizing its investment income. The Association has invested its excess cash in low risk interest bearing vehicles such as fixed income securities as the means for managing its interest rate risk.

The effective interest rate on long-term investments during the year was 4.1% (2023, 4.1%). The investment has a maturity date of July 21, 2024.

**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.