

# **Financial Statements**

## **Ontario Rett Syndrome Association**

London, Ontario

*March 31, 2011*

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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, 2011, and the statements of accumulated surplus, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Board of Directors' Responsibility for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as the Board of Directors 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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.

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## Independent Auditors' Report - continued

### **Basis for Qualified Opinion**

In common with many charitable organizations, the organization 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
August 6, 2011



Chartered Accountants, Licensed Public Accountants

## Ontario Rett Syndrome Association

March 31, 2011

<b>Statement of Financial Position</b>	2011	2010
<b>Current Assets</b>		
Cash	\$ 162,293	\$ 170,464
GST/HST recoverable	5,250	6,485
Inventory	7,697	7,062
Prepaid expenses	5,512	1,199
	<hr/>	<hr/>
	180,752	185,210
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	4,446	11,601
	<hr/>	<hr/>
<b>Net Assets</b>		
Accumulated surplus, per statement	176,306	173,609
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	180,752	185,210

### Approved by The Board

Terry Boyd

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President

Debbie Tkaczuk

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Treasurer

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

**Ontario Rett Syndrome Association**

*Year ended March 31, 2011*

<b>Statement of Accumulated Surplus</b>	2011	2010
Balance beginning	173,609	130,520
Add		
Surplus	2,697	43,089
<b><i>Balance March 31</i></b>	<b>176,306</b>	<b>173,609</b>

## Ontario Rett Syndrome Association

Year ended March 31, 2011

<b>Statement of Operations</b>	2011	2010
<b>Revenues</b>		
Fundraising	\$ 62,540	\$ 81,779
Contributions	45,561	31,936
Member dues	3,510	3,660
Resource centre	2,132	1,428
Other income	5,674	15
<b>Total Revenues</b>	<b>119,417</b>	<b>118,818</b>
<b>Expenses</b>		
Board & committee development	2,742	3,873
Chapter meetings	883	1,663
CHEO	7,507	20,000
Conference/workshops	19,256	2,679
Fundraising expenses	7,869	14,812
Insurance	3,182	2,141
Mothers' weekend	400	200
Nevada	0	90
Newsletter	6,454	4,731
Office lease	1,119	1,200
Professional fees	4,788	7,100
Research	35,000	0
Resources and supplies	9,076	1,226
Telephone	2,311	2,539
Travel & hotel	13,992	10,041
Website	646	3,434
Bank charges	1,495	0
<b>Total Expenses</b>	<b>116,720</b>	<b>75,729</b>
<b>Surplus</b>	<b>2,697</b>	<b>43,089</b>

## Ontario Rett Syndrome Association

Year ended March 31, 2011

<b>Statement of Cash Flows</b>	2011	2010
<b>Operating Activities</b>		
Cash receipts	\$ 120,652	\$ 118,818
Cash disbursements	(128,823)	(88,314)
<b><i>Cash Provided By (Used In) Operating Activities</i></b>	<b><i>(8,171)</i></b>	<b><i>30,504</i></b>
Net cash increase (decrease) during the year	(8,171)	30,504
Cash position beginning of year	170,464	139,960
<b><i>Cash Position End Of Year</i></b>	<b><i>162,293</i></b>	<b><i>170,464</i></b>

**Notes to Financial Statements**

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**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. The Association is dependent on this funding for its continued operation.

**Note 1**

**Significant Accounting Policies**

**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 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.

**Financial Instruments**

The Association has elected to use the exemption provided by The Canadian Institute of Chartered Accountants (CICA) permitting not-for-profit organizations to not apply the following sections of the CICA Handbook: Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which would otherwise have been applied to the financial statements of the Association for the year ended March 31, 2011. The Association applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

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**Note 2      Recent Accounting Pronouncement**

New accounting standards for non-profit organizations are effective beginning January 1, 2012. The Association plans to implement these new standards. The Association is working to determine what impact, if any, the initial adoption of these standards will have on its financial statements. Significant changes are not anticipated.

**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. The Association maintains all of its cash at major Canadian banks. The maximum credit risk is equivalent to the carrying value. Management believes that the credit risk concentration with respect to its cash 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      Capital Management**

The Association's objectives when managing capital are:

- (a) to safeguard its ability to continue as a going concern; and
- (b) to ensure that enough funds are available to perform all necessary program activities.

The above objectives are considered in the preparation of its annual budget and in monitoring of cash flows and actual operating results compared to the budget.

Funds are secured by soliciting donations.

**Ontario Rett Syndrome Association**

*March 31, 2011*

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**Note 4      Capital Management - continued**

Capital is described as follows:

	<u>2011</u>	<u>2010</u>
Accumulated surplus	\$ 176,306	\$ 173,609

The accumulated surplus must be expended in accordance with Canada Revenue Agency guidelines for charities.