Financial Statements

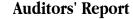
Ontario Rett Syndrome Association

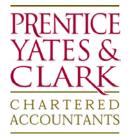
London, Ontario

March 31, 2010

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To the Directors of Ontario Rett Syndrome Association:

We have audited the statement of financial position of **Ontario Rett Syndrome Association** as at March 31, 2010 and the statements of accumulated surplus, operations and cash flows for the year then ended. These financial statements are the responsibility of the Association's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Association derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to donations, current assets, surplus and net assets.

We were not able to observe the counting of physical inventories at the end of the year nor satisfy ourselves concerning those inventory quantities by alternative means. Since closing inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether adjustments to cost of sales, net income for the year, opening retained earnings and cash provided from operations might be necessary.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations and closing inventory quantities referred to in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2010 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 5, 2010

Chartered Accountants, Licensed Public Accountants

Krentier Yates of Clark

D.L.S. ROBERTSON, C.A. C.A. PETRALITO, B.A., C.A. L.K. TURNER, B.A., C.A. T.W. McGIVNEY, C.A. J.J. PAUZE, B.Acc., C.A.

March 31, 2010

Statement of Financial Position	2010	2009
		Note 3
Current Assets		
Cash	\$ 170,464 \$	139,960
GST recoverable	6,485	0
Inventory	7,062	0
Prepaid expenses	 1,199	0
Total Current	185,210	139,960
	185,210	139,960
Current Liabilities		
Accounts payable and accrued liabilities	 11,601	9,440
Net Assets		
Accumulated surplus, per statement	 173,609	130,520
	185,210	139,960

Approved by The Board

Debbie Tkaczuk	
	Treasurer
Terry Boyd	
	President

The notes on pages 8 through 10 form an integral part of these financial statements.

Year ended March 31, 2010

Statement of Accumulated Surplus	2010	2009
Balance beginning Add	130,520	128,544
Surplus	43,089	1,976
Balance March 31	173,609	130,520

Year ended March 31, 2010

Statement of Operations	2010	2009
		Note 3
Revenues		
Fundraising	\$ 81,779 \$	75,585
Contributions income	31,936	29,054
Member dues	3,660	3,970
Resource centre	1,428	5,050
Other income	 15	(605)
Total Revenues	 118,818	113,054
Expenses		
Board & committee development	3,873	0
Chapter meetings	1,663	0
CHEO	20,000	20,000
Conference/workshop	2,679	11,319
Contract labour	0	75
Fundraising expenses	14,812	13,334
Insurance	2,141	3,339
Mother's weekend	200	0
Nevada	90	95
Newsletter	4,731	3,500
Office lease	1,200	1,200
Parent relief & support	0	2,938
Professional fees	7,100	2,723
Research	0	15,000
Resources and supplies	1,226	11,516
Telephone	2,539	2,338
Travel & hotel	10,041	16,612
Web site	 3,434	7,089
Total Expenses	 75,729	111,078
Surplus	43,089	1,976

Year ended March 31, 2010

Statement of Cash Flows	2010	2009
		Note 3
Operating Activities		
Cash receipts	\$ 118,818 \$	113,054
Cash disbursements	 (88,314)	(104,002)
Cash Provided By Operating Activities	 30,504	9,052
Net cash increase during the year	30,504	9,052
Cash position beginning of year	139,960	130,908
Cash Position End Of Year	170,464	139,960

Notes to Financial Statements

Status and Nature of Activities

The Ontario Rett Syndrome 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 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, 2010. The Association applies the requirements of Section 3861, Financial Instruments - Disclosure and Presentation.

Note 2 Financial Instruments

The Association's financial instruments consits 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.

Interest Rate Risk and Currency Risk

The Association does not bear any investments and thus is not exposed to interest rate risks or currency risks.

Fair Value

The fair values of cash and accounts payable are approximately equal to their carrying value due to their short term nature.

Note 3 Prior Year Figures

The prior year figures have not been audited. They have been displayed for comparative purposes only.

Note 4 Commitment

The Association is committed to providing an annual \$20,000 donation to the Children's Hospital of Eastern Ontario (CHEO) Foundation which provides a variety of pediatric programs, research, state-of-the-art equipment, medical and nursing education and assistance for families in crisis.

Note 5 Capital Management

The Association's objectives when managing capital are:

- (a) to safeguard its ability to coninute 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.

March 31, 2010

Note 5 Capital Management - continued

Capital is described as follows:

	 2010	2009
Accumulated surplus	\$ 173,609 \$	130,520
	1=0 (00	100 500
Net assets	173,609	130,520

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