

NEUROFIBROMATOSIS SOCIETY OF ONTARIO
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

DRAFT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEUROFIBROMATOSIS SOCIETY OF ONTARIO

We have audited the accompanying financial statements of Neurofibromatosis Society of Ontario, which comprise the balance sheet as at December 31, 2016, the statement of operations, changes in net assets and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Basis for Qualified Opinion

As is the case with many member organizations, the Neurofibromatosis Society of Ontario derives a portion of its income from the general public in the form of memberships, donations and fundraising which are not susceptible to complete audit verification. Accordingly, our verification of this revenue was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to memberships, donations, fundraising, excess of revenue over expenses, assets and unrestricted funds.

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 Neurofibromatosis Society of Ontario as at December 31, 2016 and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountant

Licensed Public Accountant

August 17, 2017

Ajax, Ontario

Dawn Flett & Associates Chartered Accountant

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue		
Membership	\$ 360	\$ 590
Donations	61,353	24,049
Fundraising	-	1,172
Miscellaneous	735	-
Interest revenue	<u>339</u>	<u>550</u>
	<u>62,787</u>	<u>26,361</u>
Expenses		
Accounting and legal	2,125	2,069
Awareness	2,669	1,695
Conferences and training	375	-
Fees and Dues	50	50
Fundraising expenses	572	2,941
Insurance	1,784	1,758
Interest and bank charges	399	257
Meetings	2,827	6,947
Office supplies	859	1,534
Research grants	-	3,500
Social events	675	479
Support	-	85
Telephone	2,055	1,965
Website	<u>104</u>	<u>321</u>
	<u>14,494</u>	<u>23,601</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 48,293</u>	<u>\$ 2,760</u>

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Contingency Fund (Note 4)		
Opening balance/closing balance	\$ 8,000	\$ 5,000
Transfer from unrestricted funds	<u>-</u>	<u>3,000</u>
Closing balance	<u>\$ 8,000</u>	<u>\$ 8,000</u>
 Doug MacGregor Reserve (Note 5)		
Opening balance	\$ 48,101	\$ 47,551
Interest transferred from unrestricted funds	<u>-</u>	<u>550</u>
Closing balance	<u>\$ 48,101</u>	<u>\$ 48,101</u>
 Unrestricted		
Opening balance	\$ 17,870	\$ 18,660
Excess of revenue over expenses	48,293	2,760
Transfer to Contingency Fund	-	(3,000)
Interest transferred to Doug MacGregor Reserve	<u>-</u>	<u>(550)</u>
Closing balance	<u>\$ 66,163</u>	<u>\$ 17,870</u>

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

BALANCE SHEET

AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current		
Cash	\$ 101,786	\$ 49,350
HST recoverable	925	1,263
Prepaid expenses	<u>1,237</u>	<u>1,237</u>
	103,948	51,850
Investments (Note 6)	<u>27,552</u>	<u>27,213</u>
	<u>\$ 131,500</u>	<u>\$ 79,063</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued charges	\$ 3,064	\$ 1,900
Deferred revenue (Note 7)	<u>6,172</u>	<u>3,192</u>
	<u>9,236</u>	<u>5,092</u>
<u>SURPLUS</u>		
Contingency Fund (Note 4)	8,000	8,000
Doug MacGregor Reserve (Note 5)	48,101	48,101
Unrestricted	<u>66,163</u>	<u>17,870</u>
	<u>122,264</u>	<u>73,971</u>
	<u>\$ 131,500</u>	<u>\$ 79,063</u>

Approved by the Board of Directors:

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
Cash provided by operating activities:		
Excess of revenue over expenses	\$ 48,293	\$ 2,760
Changes in non-cash working capital:		
HST recoverable	338	39
Prepaid expenses	-	1,425
Investments	(339)	20,706
Accounts payable and accrued charges	1,164	273
Deferred revenue	<u>2,980</u>	<u>(2,172)</u>
Cash Provided	52,436	23,031
Cash, Beginning of Year	<u>49,350</u>	<u>26,319</u>
Cash, End of Year	\$ <u>101,786</u>	\$ <u>49,350</u>

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

1. Nature of Operations

The Organization provides information regarding neurofibromatosis to their membership and the public. The Society funds ongoing research projects in the area. The Organization is a registered charity and is therefore exempt from taxation.

2. Accounting Policies

(a) Revenue Recognition

Restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations are recognized as revenue when received. Memberships are recognized as revenue in the year to which they pertain. Memberships received in advance for the following year are deferred. Fundraising is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Fixed Assets

The Organization uses the immediate expense basis of accounting for fixed assets whereby fixed asset acquisitions are recorded as current expenditures in the year of acquisition. The Organization owns equipment used in its activities which are not presented as assets on the balance sheet of the Organization.

During the year, the Organization expensed \$Nil (2015 - \$Nil) in computer equipment.

(c) Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions 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 year. Significant items subject to such estimates and assumptions include accounts receivable and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

2. Accounting Policies (Cont'd)

(d) Contributed Services

The activities of the Organization are dependent upon the voluntary services of many individuals. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

3. Gifts in Kind

During the year, the Organization did not receive any gifts in kind (2015 -\$77).

4. Restricted Funds - Contingency Fund

Per direction of the Board, the Contingency Fund has been established to allow for unbudgeted expenses. Any withdrawals are subject to Board approval.

5. Restricted Funds - Doug MacGregor Reserve

Per direction of the Board, the Doug MacGregor Reserve has been established to provide member support and services. Any withdrawals are subject to Board approval.

6. Investments

Investments consist of two guaranteed investment certificates with a maturity date of May 24, 2017 and earning interest at 0.90%.

NEUROFIBROMATOSIS SOCIETY OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

7. Deferred Revenue

Donations internally or externally restricted for specific purposes that remain unspent at year end have been deferred as follows:

	<u>2015</u>	<u>Revenue</u>	<u>Expense</u>	<u>2016</u>
Research	\$ 556	\$ 1,437	\$ -	\$ 1,993
Camp	100	1,318	-	1,418
Sims event	1,000	-	-	1,000
Website improvements	500	-	-	500
Memberships	30	20	30	20
Other	<u>1,006</u>	<u>235</u>	<u>-</u>	<u>1,241</u>
	<u>\$ 3,192</u>	<u>\$ 3,010</u>	<u>\$ 30</u>	<u>\$ 6,172</u>