
Canadian FOP Network
Financial Statements
May 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of **Canadian FOP Network (“the Network”)**

I have audited the accompanying financial statements of the Network, which comprise the statement of financial position as at May 31, 2018, and the statements of operations and net assets; and cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my 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, I considered internal control relevant to the Network’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 Network’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.

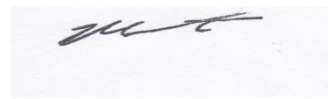
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Network derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Network. Therefore, I was not able to determine whether any adjustments might be necessary to donations and/or fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended May 31, 2018, current assets as at May 31, 2018 and net assets as at June 1, 2017 and May 31, 2018.

Qualified Opinion

In my opinion, except for the possible 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 the Network as at May 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Michael G. G. Pinnock CPA, CA
Chartered Professional Accountant
Licensed Public Accountant

August 21, 2018


Markham, Ontario

Canadian FOP Network
Statement of Financial Position
As at May 31, 2018

	2018	2017
	\$	\$
ASSETS:		
CURRENT:		
Cash	58,753	85,780
Accounts receivable	376	275
Prepaid expenses	946	120
Total Assets	60,075	86,175
NONCURRENT:		
Capital assets: net	3	1,094
Total	1,094	
Total Assets	61,169	86,175
LIABILITIES:		
CURRENT:		
Accounts payable and accrued liabilities	3,154	3,472
Deferred revenue	6	540
Total Liabilities	3,694	13,472
NET ASSETS:		
Net Assets unrestricted	57,475	72,703
Total Net Assets	57,475	72,703
Total Liabilities and Net Assets	61,169	86,175

Approved by: 

Carrie Connell

Approved by: 

Karen Munro

The accompanying notes on pages 6 to 9 are an integral part of these financial statements.

Canadian FOP Network
Statement of Operations and Net Assets
For the year ended May 31, 2018

	2018	2017
	\$	\$
REVENUE		
Donations	88,910	85,384
Registration fees	2,330	-
Other		219
	91,240	85,603
 EXPENSES		
Administrative	3,000	2,033
Conference	10,023	-
Grant	86,465	24,410
Office	193	326
Professional fees	2,079	2,079
Promotions	4,708	5,719
	106,468	34,567
 (Deficiency)/Surplus of revenue (under)/over expenses	(15,228)	51,036
 Net Assets - Beginning of the year	72,703	21,667
 Net Assets - End of the year	57,475	72,703

The accompanying notes on pages 6 to 9 are an integral part of these financial statements.

Canadian FOP Network
Statement of Cash Flows
For the year ended May 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
Operating		
(Deficiency)/Surplus of revenue (under)/over expenses	(15,228)	51,036
Changes in non-cash working capital components:		
Amortization of capital assets	624	
Accounts receivable and prepaid expenses	(927)	1,548
Accounts payable and accrued liabilities	(318)	1,698
Deferred revenue	(9,460)	10,000
	(25,309)	64,282
Investing		
Purchase of Capital Asset	(1,718)	
	(1,718)	0
(Decrease)/Increase in Cash	(27,027)	64,282
Cash, beginning of year	85,780	21,498
Cash, end of year	58,753	85,780
REPRESENTED BY:		
Cash at bank	58,753	85,780
	58,753	85,780

The accompanying notes on pages 6 to 9 are an integral part of these financial statements.

Canadian FOP Network
Notes to the Financial Statements
May 31, 2018

1 Registration, Incorporation and Purpose

Canadian FOP Network (“CFOPN”) was continued under the *New Canada Not-For-Profit Corporations Act* effective January 28, 2014. The organization is a registered charity (# 83433 8691 RR0001) and is designated a *Public Foundation*. The organization is tax-exempt under section 149(1)(f) of the *Income Tax Act*.

Its objects are:-

1. to educate the Canadian public, medical and scientific communities about Fibrodysplasia Ossificans Progressiva (“FOP”) through communication media, seminar, workshops and medical clinics, and by facilitating the sharing of accurate information about FOP; and
2. to provide funds for ‘qualified donees’ as defined in the *Income Tax Act* in order to contribute to research into FOP and treatments for FOP, thereby also advancing the treatment for other bone disorders.

2 Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements reflect the following significant accounting policies:

a) Basis of accounting

Except for revenue from donations which is recorded on a cash basis, with no accrual being made for amounts pledged but not received, revenues and expenditures are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

In the process of applying the Network's accounting policies, management makes various judgements, estimates and assumptions that can significantly affect the amounts it recognises and the related disclosures reported in the financial statements. These estimates are based on historical experiences and management’s best knowledge of current events and actions. Actual results may differ from those estimates and assumptions.

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2 Summary of Significant Accounting Policies (continued)

b) Revenue recognition

The Network follows the deferral method of accounting for contributions and grants, whereby restricted contributions related to expenses of future periods are deferred and recognized as revenue in the related future period that the expenses are incurred. All other contributions are reported as revenue of the current period.

- a. Donations – *Contributions from individuals, other charities and corporations to assist with the funding of the network's programs. These are recognized when received.*
- b. Registration fees – *Receipts for the attendance at workshops and conference. These are recognized when invoiced and receivable.*
- c. Other income – *Fundraising and Sales receipts. These are recognized when received.*

c) Capital Assets

Purchased capital assets are recorded at cost, contributed capital asset at *fair value*. Amortization is provided on the reducing balance basis at rates estimated to write-off the capital assets over the term of their estimated useful lives. The rates used are as follows:

Computers	55%
Computer software	100%

d) Financial Instruments-recognition and measurement

The Network's financial instruments are initially recognized at *fair value*, and subsequently carried at cost and amortized cost, net of impairment.

These financial instruments consist of cash, accounts receivable; and accounts payable and accrued liabilities. These financial instruments are carried at cost and amortized cost, net of impairment.

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2 Summary of Significant Accounting Policies (continued)

e) Donated Services

The work of the Network benefits from volunteer services. Since these services are not normally purchased by the Network and because of the difficulties of determining their fair value, donated services are not recognized in these financial statements.

f) Allocation of expenses

There are no allocated expenses.

3 Capital Assets

	<u>2018</u>		<u>2017</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net Book value</u>
Computer hardware	1,507	414	1,093
Computer software	211	210	1
	<u>1,718</u>	<u>624</u>	<u>1,094</u>

4 Financial Instruments

The Network's financial instruments consist of cash, accounts receivable; and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short maturity.

5 Government remittances

There were no Government remittances outstanding at the end of the fiscal period.

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6 Deferred revenue

Grants received from two benefactors to assist with funding of the June 2017 Medical Conference.

7 Critical Judgement and Sources of Estimation Uncertainty

There were no critical judgements, apart from those involving estimations, which management has made in the process of applying the Network's accounting policies that may have a significant effect on the amounts recognized in the financial statements.

The estimate and assumption which has the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities is discuss below:

I. Useful lives of Capital Assets

Depreciation is provided so as to write down the respective assets to their estimated residual values over their expected useful lives and as such, the selection of the expected useful lives and the estimated residual values of the assets require the use of estimates and judgements. Details of the estimated useful lives are shown in Note 2c and 3.