
Canadian FOP Network

Financial Statements

May 31, 2015

Canadian FOP Network

Financial Statements

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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, 2015, 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 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.

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, 2015, current assets as at May 31, 2015 and net assets as at June 1, 2014 and May 31, 2015.

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, 2015, 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

September 18, 2015

Markham, Ontario

Canadian FOP Network
Statement of Financial Position
As at May 31, 2015

	2015	2014
	\$	\$
ASSETS:		
CURRENT:		
Cash	19,199	12,063
Accounts receivable	691	915
Prepaid expenses	187	-
Total Assets	20,077	12,978
LIABILITIES:		
CURRENT:		
Accounts payable and accrued liabilities	2,557	1,882
Total Liabilities	2,557	1,882
NET ASSETS:		
Net Assets unrestricted	17,520	11,096
Total Net Assets	17,520	11,096
Total Liabilities and Net Assets	20,077	12,978

Approved by: Carne Connell
 On behalf of the Board

Approved by: _____
 On behalf of the Board

Canadian FOP Network
Statement of Operations and Net Assets
For the year ended May 31, 2015

	2015	2014
	\$	\$
REVENUE		
Donations	86,899	74,649
Other	1,308	3,240
	88,207	77,889
EXPENSES		
Administrative	2,280	2,427
Conference	-	3,130
Grant	73,386	70,017
Office	187	333
Professional fees	1,559	1,559
Promotions	4,371	3,550
	81,783	81,016
Surplus/(Deficiency) of revenue over/(under) expenses	6,424	(3,127)
Net Assets - Beginning of the year	11,096	14,223
Net Assets - End of the year	17,520	11,096

Canadian FOP Network
Statement of Cash Flows
For the year ended May 31, 2015

	<u>2015</u> \$	<u>2014</u> \$
Operating		
Surplus/(Deficiency) of revenue over/(under) expenses	6,424	(3,127)
<u>Changes in non-cash working capital components</u>		
Accounts receivable and prepaid expenses	37	(562)
Accounts payable and accrued liabilities	675	(873)
	<u>7,136</u>	<u>(4,562)</u>
Financing		
Deferred revenue	-	(3,832)
	<u>-</u>	<u>(3,832)</u>
Increase /(Decrease) in Cash	7,136	(8,394)
Cash, beginning of year	12,063	20,457
Cash, end of year	<u>19,199</u>	<u>12,063</u>
REPRESENTED BY:		
Cash	19,199	12,063
	<u>19,199</u>	<u>12,063</u>

Canadian FOP Network

Notes to the Financial Statements

May 31, 2015

1 Registration, Incorporation and Purpose

Canadian FOP Network ("CFOPN") was incorporated by letter patent on September 29, 2008. The organization became a registered charity (# 83433 8691 RR0001) effective September 22, 2009 and is designated a *Public Foundation*. The organization is tax-exempt under section 149(1)(f) of the *Income Tax Act*.

Under the **New Canada Not-For-Profit Corporations Act**, the charity got its **Certificate of Continuance** effective January 28, 2014 which replaces its Letter Patent dated September 29, 2008.

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 Organization'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.

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 organization's programs. These are recognized when received.*
- b. Other income – *Fundraising and Sales receipts. These are recognized when received.*

Canadian FOP Network
Notes to the Financial Statements
May 31, 2015

2 Summary of Significant Accounting Policies (continued)

c) Financial Instruments-recognition and measurement

The Network's financial instruments are recognized and measured in accordance with Handbook Section 3856.

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.

d) 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.

e) Allocation of expenses

There are no allocated expenses.

f) Future Accounting Standards: Statement-of-Principles (SOP)

Recent Canadian Pronouncements by the AcSB¹: Statement-of-Principles (SOP) Not-for-Profit Organizations

The AcSB is currently improving the standards in Part III of the Handbook and some fifteen SOPs are being proposed. The effects of these proposals are significant, they will be of varying interest to NFPOs, depending on the nature of the organization and its particular circumstances. The main areas are:-

1. Contributions,
2. Capital assets (Property, Plant and Equipment),
3. Consolidation and Related Party, and
4. Financial Statement Presentation

The AcSB issued an Exposure Draft in 2013. The AcSB is deliberating the comments from this Exposure Draft.

The Network is currently evaluating the impact of these SOPs on its financial statements.

¹ Accounting Standards Board

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2 Summary of Significant Accounting Policies (continued)

g) Future Accounting Standards: Annual Improvements

Annual improvements to APSE (Part II of CPA Canada Handbook)

In November 2014, the Accounting Standards Board made several amendments to improve accounting standards for private enterprises as set out in Part II (ASPE) of the *CPA Canada Handbook – Accounting, and Not-for-profit Organizations* using the standards in Part III. These amendments are the results of the 2014 annual improvements.

These amendments will have no impact on the current financial statements of the Network.

3 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.

4 Government remittances

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

5 Critical Judgement and Sources of Estimation Uncertainty

There weren't any critical judgements or estimations uncertainties required by management in the process of applying the Network's accounting policies that would have a significant effect on the amounts recognized in the financial statements.