

**TOURETTE SYNDROME FOUNDATION OF CANADA**  
**LA FONDATION CANADIENNE DU SYNDROME DE LA TOURETTE**  
operating as Tourette Canada

**FINANCIAL STATEMENTS**

MAY 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TOURETTE SYNDROME FOUNDATION OF CANADA

### **Report on the Financial Statements**

We have audited the financial statements of Tourette Syndrome Foundation of Canada which comprise the statement of financial position as at May 31, 2018 and the statements of members' equity, operations 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**

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 auditors' 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.

**INDEPENDENT AUDITOR'S REPORT** *(continued)*

**Basis for Qualified Audit Opinion**

In common with similar organizations, the Organization derives revenues from donations and fundraising ; 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to income, excess of revenue over expenditures and cash flows from operations for the years ended May 31, 2018 and 2017 current assets and liabilities as at May 31, 2018 and 2017 and fund balances at the beginning and end of the years ended May 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended May 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

**Qualified Audit Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Audit opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at May 31, 2018 and its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not - for - profit organizations.

A handwritten signature in blue ink that reads "MAC LLP". The letters are stylized and cursive.

Mississauga, Ontario  
October 16, 2018

**CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

**TOURETTE SYNDROME FOUNDATION OF CANADA**

operating as Tourette Canada

**STATEMENT OF FINANCIAL POSITION**

AS AT MAY 31	2018			2017
	General	Research	Total	Total
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	\$ 201,543	\$ 32,997	\$ 234,540	\$ 206,155
Accounts receivable	18,253	-	18,253	25,966
Sales taxes receivable	28,767	-	28,767	24,464
Prepaid expenses	12,846	-	12,846	24,541
	<u>261,409</u>	<u>32,997</u>	<u>294,406</u>	<u>281,126</u>
<b>Capital</b>	<i>note 4</i> 11,884	-	11,884	4,657
	<u>\$ 273,293</u>	<u>\$ 32,997</u>	<u>\$ 306,290</u>	<u>\$ 285,783</u>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 50,004	\$ -	\$ 50,004	\$ 29,252
Source deductions payable	3,461	-	3,461	\$ -
Deferred revenue	27,226	-	27,226	25,885
Current portion of capital lease	782	-	782	1,752
	<u>81,473</u>	<u>-</u>	<u>81,473</u>	<u>56,889</u>
<b>Capital lease</b>	<i>note 7</i> -	-	-	782
	<u>81,473</u>	<u>-</u>	<u>81,473</u>	<u>57,671</u>
<b>MEMBERS' EQUITY</b>				
Members' equity balances, <i>page 5</i>	191,820	32,997	224,817	228,112
	<u>\$ 273,293</u>	<u>\$ 32,997</u>	<u>\$ 306,290</u>	<u>\$ 285,783</u>

Commitment - *note 8*

**Approved on behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**TOURETTE SYNDROME FOUNDATION OF CANADA**

operating as Tourette Canada

**STATEMENT OF MEMBERS' EQUITY**

<b>FOR THE YEAR ENDED MAY 31, 2018</b>	<b>General</b>	<b>Research</b>	<b>Total</b>
Balance, beginning of year	\$ 195,115	\$ 32,997	\$ 228,112
Excess (shortfall) of revenue over expenditure for the year	(3,295)	-	(3,295)
<b>Balance, end of year</b>	<b>\$ 191,820</b>	<b>\$ 32,997</b>	<b>\$ 224,817</b>

<b>FOR THE YEAR ENDED MAY 31, 2017</b>	<b>General</b>	<b>Research</b>	<b>Total</b>
Balance, beginning of year	\$ 296,671	\$ 32,997	\$ 329,668
Excess (shortfall) of revenue over expenditure for the year	(101,556)	-	(101,556)
<b>Balance, end of year</b>	<b>\$ 195,115</b>	<b>\$ 32,997</b>	<b>\$ 228,112</b>

*The accompanying notes are an integral part of these financial statements*

# TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MAY 31

	2018			2017
	General	Research	Total	Total
<b>Revenue</b>				
Donations	\$ 142,423	\$ -	\$ 142,423	\$ 68,136
Fundraising	128,912	-	128,912	216,750
Grants	7,413	-	7,413	4,806
Interest and other income	2,391	-	2,391	102,835
Memberships	4,455	-	4,455	8,912
Nevada ticket revenue	107,771	-	107,771	114,016
Product sales	27,812	-	27,812	21,493
<b>Total revenue</b>	<b>421,177</b>	<b>-</b>	<b>421,177</b>	<b>536,948</b>
<b>Expenditure</b>				
Advertising, dues and subscriptions	30,289	-	30,289	17,556
Amortization	3,913	-	3,913	1,554
Bank charges	15,564	-	15,564	13,688
Bursary	1,400	-	1,400	13,545
Employee benefits	12,130	-	12,130	15,949
Fundraising and special events	67,788	-	67,788	261,529
Insurance	4,453	-	4,453	4,702
Nevada ticket and related expenditures	59,852	-	59,852	63,818
Occupancy costs	8,095	-	8,095	6,398
Office supplies	14,014	-	14,014	1,622
Postage	3,388	-	3,388	3,405
Printing and photocopying	10,964	-	10,964	1,156
Product costs	1,967	-	1,967	5,267
Professional fees	5,180	-	5,180	47,757
Salaries and benefits	129,473	-	129,473	127,923
Telephone	11,515	-	11,515	18,965
Travel, accommodation and meals	30,929	-	30,929	23,025
Volunteer recognition and development	4,967	-	4,967	2,854
Website development	8,591	-	8,591	7,791
<b>Total expenditure</b>	<b>424,472</b>	<b>-</b>	<b>424,472</b>	<b>638,504</b>
<b>Excess (shortfall) of revenue over expenditure for the year</b>	<b>\$ (3,295)</b>	<b>\$ -</b>	<b>\$ (3,295)</b>	<b>\$ (101,556)</b>

*The accompanying notes are an integral part of these financial statements*

**TOURETTE SYNDROME FOUNDATION OF CANADA**

operating as Tourette Canada

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED MAY 31	2018	2017
<b>Cash provided (used) by</b>		
<b>Operating activities</b>		
Excess (shortfall) of revenue over expenditure for the year	\$ (3,295)	\$ (101,556)
Items not involving cash -		
Amortization	3,913	1,554
	618	(100,002)
Changes in non-cash working capital balances		
Accounts receivable	7,713	(25,966)
Grant receivable	-	47,480
Government remittances receivable	(4,303)	5,306
Prepaid expenses	11,695	(15,761)
Accounts payable and accrued liabilities	24,213	(40,305)
Deferred revenue	1,341	2,745
	41,277	(126,503)
<b>Investing activities</b>		
Capital asset additions	(11,140)	-
<b>Financing activities</b>		
Repayment of obligation under capital lease	(1,752)	(1,752)
<b>Increase (decrease) in cash for the year</b>	<b>28,385</b>	<b>(128,255)</b>
Cash, beginning of year	206,155	334,410
<b>Cash, end of year</b>	<b>\$ 234,540</b>	<b>\$ 206,155</b>

*The accompanying notes are an integral part of these financial statements*

# TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

### 1. Nature of Organization

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Tourette Syndrome Foundation of Canada is a national voluntary organization dedicated to improving the quality of life for those with or affected by the Tourette Syndrome through education, and various awareness programs such as advocacy, self-help and the promotion of research. The Organization comprises of a national head office and regional affiliates (chapters, resource units and contact representatives) located in various provinces through Canada.

The Organization is incorporated as a non-profit organization under the Canada Not-for-profit Corporations Act. The Organization is exempt from income taxes as a registered charity under the Income Tax Act; accordingly, no taxes are provided for in these financial statements.

### 2. Significant accounting policies

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#### Basis of Accounting

The financial statements of the Organization have been prepared for the Members in accordance with Canadian accounting standards for not-for-profit organizations.

The Organization follows the principles of restricted fund accounting. These funds are held in accordance with the policies set by the Canadian Board. The following is a summary of the funds:

#### General Fund

This fund includes the day-to-day operating activities of the Organization.

#### Restricted Fund

The Restricted funds such as Premise fund, Bequest fund, Research fund and Scholarship fund account for donations and contributions that are used for specific purposes as specified by the donor.

#### Capital

Capital assets are recorded at cost and are amortized over their useful lives as follows -

Computer hardware	-	20-55 % declining balance method
Furniture and equipment	-	20 % declining balance method
Equipment under capital lease	-	20 % declining balance method

Capital assets are tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists of a comparison of the fair value of the unamortized assets with their carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.



# TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

### 2. Significant accounting policies *(continued)*

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#### **Disclosure and use of 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 amount 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. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Significant items requiring estimates -

- capital asset useful life and amortization

#### **Cash and cash equivalents**

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 90 days.

#### **Revenue recognition**

Grants are recorded as revenue when earned under the terms of the grant.

Donations, donations in kind and fund raising revenues are recorded when received.

#### **Donations in Kind**

Volunteers contribute their time to assist the Organization in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

#### **Financial instruments - recognition and measurement**

The Organization records fixed income investments at fair value with changes in fair value recognized in the statement of operations or in the externally restricted funds. Accounts receivable and other financial liabilities are initially recognized at fair value and subsequently at amortized cost. Financial assets are tested for impairment when change in circumstances indicate that the asset could be impaired. Transaction costs are expensed for items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

#### **Funding disclosure**

The Organization is dependent on grants, donations and investment returns to fund its charitable activities and the Board manages these activities and makes adjustments to them based on the funds available.

The Organization has no externally imposed restrictions on its activities.

# TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

### 3. Financial instruments

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#### Risk disclosures

The main risks to which the Organization's financial instruments are exposed are as follows -

##### Credit risk

The Organization is exposed to credit risk. The Organization's receivables are mainly accounts receivable and sales taxes receivable which are from the Government of Canada; accordingly, the risk of non-collectability is low.

##### Liquidity risk

The Organization is exposed to liquidity risk. Liquidity risk is the risk that the Organization is not able to meet its financial obligations as they fall due. Management has assessed liquidity risk as low given the makeup of its accounts payable and has provided sufficient funding to fulfill its obligations.

##### Market risk

The Organization is exposed to market risk. Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Organization. The Organization's short term investments are subject to market risk; accordingly, market risk is considered low.

##### Interest rate risk

The Organization is not exposed to interest rate risk. The Organization has minor cash balances and no interest bearing debt. The Organization's current policy is to invest excess cash in a money market fund issued by its banking institutions; accordingly, there is some exposure to interest rate fluctuations.

The Organization manages its risk through the overseeing of these investments by both the board and its' external advisors. Changes are made to the investments as required.

### 4. Capital assets

As at May 31	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 81,636	\$ 73,280	\$ 70,496	\$ 70,250
Furniture and equipment	37,852	37,400	37,852	37,287
Equipment under capital lease	9,105	6,029	9,105	5,259
	<u>\$ 128,593</u>	<u>\$ 116,709</u>	<u>\$ 117,453</u>	<u>\$ 112,796</u>
Cost less accumulated amortization		<u>\$ 11,884</u>		<u>\$ 4,657</u>

# TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

### 5. Line of credit

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The Organization has an authorized line of credit of \$50,000 (of which \$Nil is outstanding at May 31, 2018 and 2017). This is secured by a general security agreement and an assignment of term deposits and other credit balances registered in the name of the Organization in the amount of \$50,000.

### 6. Vancouver foundation

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The Vancouver Foundation has an endowment fund which was established through funds received from Tourette Canada in 2009. The capital amount of the endowment fund at May 31, 2018 was \$ 23,472 . Any income earned on the endowment fund by the Vancouver Foundation can be distributed to Tourette Canada. The endowment fund is a legal asset of the Vancouver foundation.

### 7. Capital lease

As at May 31	2018	2017
Telecom Solutions Group	\$ 782	\$ 2,534
less current portion	(782)	(1,752)
	<u>\$ -</u>	<u>\$ 782</u>

### 8. Commitment

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The Organization has a telephone equipment lease commitment of \$2,932 per year expiring 2022.