

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

FINANCIAL STATEMENTS

MAY 31, 2019

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TOURETTE SYNDROME FOUNDATION OF CANADA

We have audited the financial statements of Tourette Syndrome Foundation of Canada (the Foundation), which comprise the statement of financial position as at May 31, 2019, and the statements of general fund balance, revenue and expenditure and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at May 31, 2019, 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.

Basis for Qualified Opinion

In common with many not for profit organizations, the Foundation derives revenue from donations and fundraising. The completeness of the records of such revenue is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. 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, 2019 and 2018, current assets and liabilities as at May 31, 2019 and 2018 and fund balances at both the beginning and end of the years ended May 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended May 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mississauga, Ontario
October 20, 2019

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TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

STATEMENT OF FINANCIAL POSITION

AS AT MAY 31	2019	2018
ASSETS		
Current		
Cash and cash equivalents	\$ 249,833	\$ 234,540
Accounts receivable	10,539	18,253
Sales taxes receivable	27,856	28,767
Prepaid expenses	16,140	12,846
	304,368	294,406
Capital	<i>note 4</i>	11,884
	7,000	11,884
	\$ 311,368	\$ 306,290
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 28,758	\$ 50,004
Source deductions payable	3,200	3,461
Deferred revenue	12,925	27,226
Current portion of capital lease	-	782
	44,883	81,473
MEMBERS' EQUITY		
Members' equity balances, <i>page 5</i>	266,485	224,817
	\$ 311,368	\$ 306,290

Commitment - *note 8*

Approved on behalf of the Board:

Director

Director

TOURETTE SYNDROME FOUNDATION OF CANADA

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STATEMENT OF MEMBERS' EQUITY

FOR THE YEAR ENDED MAY 31, 2019	General	Research	Total
Balance, beginning of year	\$ 191,820	\$ 32,997	\$ 224,817
Excess of revenue over expenditure for the year	41,668	-	41,668
Transfer to General Fund	32,997	(32,997)	-
Balance, end of year	\$ 266,485	\$ -	\$ 266,485

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

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	2019	2018
Revenue		
Donations	\$ 137,223	\$ 142,423
Fundraising	191,409	128,912
Grants	-	7,413
Interest and other income	2,777	2,391
Memberships	5,790	4,455
Nevada ticket revenue	89,552	107,771
Product sales	20,556	27,812
Total revenue	447,307	421,177
Expenditure		
Advertising, dues and subscriptions	14,515	30,289
Amortization	4,884	3,913
Bank charges	14,130	15,564
Bursary	4,415	1,400
Contractor fees	18,364	-
Employee benefits	9,526	12,130
Fundraising and special events	99,563	67,788
Insurance	5,340	4,453
Nevada ticket and related expenditures	48,669	59,852
Occupancy costs	9,260	8,095
Office supplies	3,369	14,014
Postage	3,084	3,388
Printing and photocopying	6,037	10,964
Product costs	1,549	1,967
Professional fees	6,013	5,180
Salaries and benefits	124,154	129,473
Telephone	11,850	11,515
Travel, accommodation and meals	7,535	30,929
Volunteer recognition and development	513	4,967
Website development	12,869	8,591
Total expenditure	405,639	424,472
Excess (shortfall) of revenue over expenditure for the year	\$ 41,668	\$ (3,295)

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	2019	2018
Cash provided (used) by		
Operating activities		
Excess (shortfall) of revenue over expenditure for the year	\$ 41,668	\$ (3,295)
Items not involving cash -		
Amortization	<u>4,884</u>	<u>3,913</u>
	<u>46,552</u>	<u>618</u>
Changes in non-cash working capital balances		
Accounts receivable	7,714	7,713
Government remittances receivable	911	(4,303)
Prepaid expenses	(3,294)	11,695
Accounts payable and accrued liabilities	(21,507)	24,213
Deferred revenue	<u>(14,301)</u>	<u>1,341</u>
	<u>16,075</u>	<u>41,277</u>
Investing activities		
Capital asset additions	<u>-</u>	<u>(11,140)</u>
Financing activities		
Repayment of obligation under capital lease	<u>(782)</u>	<u>(1,752)</u>
Increase in cash for the year	15,293	28,385
Cash, beginning of year	234,540	206,155
Cash, end of year	<u>\$ 249,833</u>	<u>\$ 234,540</u>

TOURETTE SYNDROME FOUNDATION OF CANADA

operating as Tourette Canada

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

1. Nature of Foundation

Tourette Syndrome Foundation of Canada is a national voluntary Foundation 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 Foundation comprises of a national head office and regional affiliates (chapters, resource units and contact representatives) located in various provinces through Canada.

The Foundation is incorporated as a non-profit organization under the Canada Not-for-profit Corporations Act.

The Foundation is exempt from income taxes as a registered charity under the Income Tax Act.

2. Significant accounting policies

Going concern

These financial statements have been prepared in accordance with accounting principles that apply to a going-concern. Under the going concern assumption, an organization is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

The Board has adopted a budget which provides for the continuation of the Foundation and to generate a cash reserve to meet unexpected conditions beyond their control such as fundraising grants and donations which are significant factors in the success of the Foundation.

Basis of Accounting

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

The Foundation 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 Foundation.

Research Fund

The donor permitted the unused research fund balance to be transferred to the General fund.

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

TOURETTE SYNDROME FOUNDATION OF CANADA

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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

2. Significant accounting policies *(continued)*

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 Foundation 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 Foundation 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.

Capital assets

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.

Funding disclosure

The Foundation is dependent on grants, donations, fund raising events 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 Foundation has no externally imposed restrictions on its activities.

TOURETTE SYNDROME FOUNDATION OF CANADA

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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

3. Financial instruments

Risk disclosures

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

Credit risk

The Foundation is exposed to credit risk. The Foundation'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 Foundation is exposed to liquidity risk. Liquidity risk is the risk that the Foundation 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 Foundation 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 Foundation. The Foundation's short term investments are subject to market risk; accordingly, market risk is considered low.

Interest rate risk

The Foundation is not exposed to interest rate risk. The Foundation has minor cash balances and no interest bearing debt. The Foundation'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 Foundation 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	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 81,636	\$ 77,459	\$ 81,636	\$ 73,280
Furniture and equipment	37,852	37,490	37,852	37,400
Equipment under capital lease	9,105	6,644	9,105	6,029
	<u>\$ 128,593</u>	<u>\$ 121,593</u>	<u>\$ 128,593</u>	<u>\$ 116,709</u>
Cost less accumulated amortization		<u>\$ 7,000</u>		<u>\$ 11,884</u>

TOURETTE SYNDROME FOUNDATION OF CANADA

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NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

5. Line of credit

The Foundation has an authorized line of credit of \$50,000 (of which \$Nil is outstanding at May 31, 2019 and 2018). This is secured by a general security agreement and an assignment of term deposits and other credit balances registered in the name of the Foundation in the amount of \$50,000.

6. Vancouver foundation

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, 2019 was \$ 23,647 . 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	2019	2018
Telecom Solutions Group	\$ -	\$ 782
less current portion	-	(782)
	<u>\$ -</u>	<u>\$ -</u>

8. Commitment

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