

**Epilepsy Ontario**  
**Financial Statements**  
For the year ended December 31, 2013

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## Independent Auditor's Report

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### To the Members and Directors of Epilepsy Ontario

We have audited the accompanying financial statements of Epilepsy Ontario, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in 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

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**

In common with many charitable organizations, Epilepsy Ontario derives revenue 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 Epilepsy Ontario and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the year ended and assets and unrestricted net assets as at December 31, 2013.

**Qualified Opinion**

In our 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 Epilepsy Ontario as at December 31, 2013, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matters**

The statement of financial position as at December 31, 2012, and the statements of operations, changes in net assets and cash flows for the year ended December 31, 2012 were audited by another auditor who expressed a qualified opinion on those financial statements for the completeness of revenue from donations and fundraising in their report dated May 23, 2013.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Oshawa, Ontario  
April 22, 2014

**Epilepsy Ontario**  
**Statement of Financial Position**

**December 31**

**2013**

**2012**

**Assets**

**Current assets**

Cash and cash equivalents (Note 2)	\$ 275,249	\$ 604,799
Investments (Note 3)	387,769	-
Sundry receivables	63,166	81,682
Prepaid expenses	21,130	18,380
	<u>\$ 747,314</u>	<u>\$ 704,861</u>

**Liabilities and Net Assets**

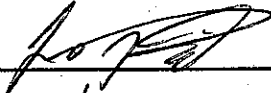
**Current liabilities**

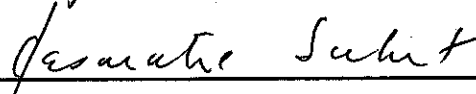
Accounts payable and accrued liabilities (Note 4)	\$ 74,429	\$ 57,672
Deferred revenue (Note 5)	35,284	10,000
	<u>109,713</u>	<u>67,672</u>

**Net assets**

Donor designated fund		
The William Donald Willis Epilepsy Research Fund	400,000	400,000
Internally restricted fund		
Contingency reserve fund	100,000	100,000
Unrestricted net assets	137,601	137,189
	<u>637,601</u>	<u>637,189</u>
	<u>\$ 747,314</u>	<u>\$ 704,861</u>

On behalf of the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**Epilepsy Ontario**  
**Statement of Changes in Net Assets**

December 31	The William Donald Willis Epilepsy Research Fund	Contingency Research Fund	Unrestricted	2013	2012
Balance, beginning of year	\$ 400,000	\$ 100,000	\$ 137,189	\$ 637,189	\$ 655,532
Excess (deficiency) of revenue over expenses	-	-	412	412	(18,343)
Balance, end of year	\$ 400,000	\$ 100,000	\$ 137,601	\$ 637,601	\$ 637,189

## Epilepsy Ontario Statement of Operations

For the year ended December 31

2013

2012

**Revenue**

Program revenue	\$ 7,653	\$ 19,074
Government grants	12,974	13,162
Ontario Trillium Foundation Grant (Note 5)	15,462	-
Interest and miscellaneous	9,195	5,246
	45,284	37,482
Fundraising revenue (Schedule)	601,756	600,595
	647,040	638,077

**Expenses**

Programs, education, advocacy, other	163,692	203,929
Administrative salaries and benefits	34,419	50,536
Occupancy	24,904	37,853
Professional fees	21,998	37,793
Ontario Trillium Foundation Grant (Note 5)	15,462	-
Office equipment	9,333	8,583
Telephone	7,754	8,661
Meetings and travel	3,361	1,118
Bank charges	2,766	2,276
Insurance	2,671	4,186
Office supplies	2,576	3,436
Depreciation	-	822
	288,936	359,193
Fundraising expenses (Schedule)	357,692	297,227
	646,628	656,420

<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 412</b>	<b>\$ (18,343)</b>
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## Epilepsy Ontario Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ 412	\$ (18,343)
Items not affecting cash		
Amortization	-	822
	<u>412</u>	<u>(17,521)</u>
Changes in non-cash working capital balances		
Sundry receivables	18,516	(39,529)
Prepaid expenses	(2,750)	(12,054)
Accounts payable and accrued liabilities	16,757	(113,867)
Deferred revenue	25,284	10,000
	<u>58,219</u>	<u>(172,971)</u>
<b>Investing activity</b>		
Increase in investments	<u>(387,769)</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	<b>(329,550)</b>	<b>(172,971)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>604,799</b>	<b>777,770</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 275,249</b>	<b>\$ 604,799</b>

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# Epilepsy Ontario

## Notes to Financial Statements

December 31, 2013

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### 1. Significant Accounting Policies

#### Nature and Purpose of Organization

Epilepsy Ontario ("the Organization") is a registered charitable non-governmental health organization dedicated to promoting independence and optimal quality of life for those living with seizure disorders, by promoting information, awareness, support services, advocacy, education and research.

Through a network of local agencies, contacts and associates, Epilepsy Ontario provides client services, counselling and referral services. Epilepsy Ontario is the voice of epilepsy in the province.

The Organization is a registered charity, and, as such, is exempt from income tax and may issue income tax receipts to donors.

#### Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### Financial Statements

These financial statements present the financial position and results of operations of Epilepsy Ontario. They do not include any assets, liabilities, revenues or expenses of any individual Chapters or the national and other provincial organizations, which are separately incorporated and operated.

The Organization follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund.

The William Donald Willis Epilepsy Research Fund is a donor designated fund to be used to fund research for finding a cure for epilepsy.

The Contingency Reserve Fund is a Board designated reserve fund to provide for extraordinary expenses that exceed or fall outside of the provisions of Epilepsy Ontario's operating budget and to fund the Organization's obligations in extreme circumstances including the wind-up costs of the Organization, if necessary, as determined and approved by the Executive Committee. Any excess funds are to be used for epilepsy research in Ontario.

#### Cash and Cash Equivalents

Cash and cash equivalents consists of balances with banks and short-term investments which are readily convertible into cash, are not subject to significant risk of change in value and have a maturity date of three months or less from the date of acquisition.



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# Epilepsy Ontario

## Notes to Financial Statements

December 31, 2013

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### 1. Significant Accounting Policies (continued)

#### Revenue Recognition

Operating grants are recorded in revenue in the year in which the related expenses are incurred. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Fundraising revenues are recorded in the period in which the event takes place.

Donations and bequests are recorded when received. Donated goods and services are not recorded in the accounts, except when they are used in the normal course of business and when a fair value for such goods and services can be readily determined.

Program revenue is recognized when the services are provided to clients.

Interest and miscellaneous income is recorded as earned.

#### Contributed Services

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

#### Allocation of Expenses

The Organization promotes independence and optimal quality of life of children and adults living with seizure disorders and engages in education, programs, research, fundraising and other activities. The cost of programs and education include direct salaries and benefits and other expenses that are directly related to providing the programs.

# Epilepsy Ontario

## Notes to Financial Statements

December 31, 2013

### 1. Significant Accounting Policies (continued)

#### 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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Financial Instruments

The Organization's financial assets consisting of cash, investments and sundry receivables are recorded at fair value when acquired or issued. In subsequent periods equities traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial assets are reported at cost or amortized cost less impairment, if applicable.

### 2. Cash and Cash Equivalents

Cash and cash equivalents include restricted cash in the amount of \$201,996 as at December 31, 2013 (2012 - \$113,739) to be used in accordance with the license agreement with Alcohol and Gaming Commission of Ontario.

### 3. Investments

	2013	2012
Money market mutual funds	\$ 61,452	\$ -
Guaranteed investment certificates	203,320	-
Fixed income mutual funds	80,657	-
Equity mutual funds	42,340	-
	\$ 387,769	\$ -

Guaranteed investment certificates have effective interest rates from 1.65% to 2.10% and maturity dates between January 2014 and February 2016.

### 4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$1,833 (2012 - \$1,300).

# Epilepsy Ontario

## Notes to Financial Statements

**December 31, 2013**

### 5. Deferred Revenue

	2013	2012
Balance, beginning of year	\$ 10,000	\$ -
Amounts received during the year	41,300	10,000
Amounts recognized as revenue in the year	(16,016)	-
Balance, end of year	\$ 35,284	\$ 10,000

In August 2013, the Organization was granted \$280,800 funding by the Ontario Trillium Foundation for a three year project. The project will identify best practices, develop consistent messaging, and provide training to agency staff across Ontario. As of December 31, 2013 \$40,800 of the funding was received, \$15,462 was spent and \$25,338 is included in deferred revenue.

### 6. Allocation of Expenses

The programs and education expenses reported in the Statement of Operations include allocation of salaries and benefits of \$124,114 (2012 - \$163,646).

### 7. Financial Instrument Risk

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The majority of the Organization's cash and short-term investments are maintained by two of the major financial institutions.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Organization is exposed to market risk primarily through its short-term investments.

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## Epilepsy Ontario Notes to Financial Statements

**December 31, 2013**

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### 8. Commitments

The Organization is committed to pay minimum annual payments for premises and equipment under operating leases expiring from July 2014 to July 2017, as follows:

	Premises	Equipment	Total
2014	\$ 44,632	\$ 4,007	\$ 48,639
2015	33,589	676	34,265
2016	18,129	-	18,129
2017	10,575	-	10,575
	<u>\$ 106,925</u>	<u>\$ 4,683</u>	<u>\$ 111,608</u>

In addition, the Organization is committed to pay its proportionate share of taxes, utilities and operating costs of the premises which, in 2013, amounted to approximately \$39,000 (2012 - \$26,000).

The minimum rental payments for the premises include Organization's new and old locations. The lease for the old location expires on July 31, 2015 and the commitments above include minimum payments under that lease. The old location is sub-leased at a base annual rental of \$25,475 plus operating costs.

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### 9. Guarantees and Indemnities

The Organization has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are sued as a result of their involvement with the Organization, if they acted honestly and in good faith with the best interest of the Organization. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Organization has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Organization agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Organization. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

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### 10. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

The comparative information was reported on by another auditor.

**Epilepsy Ontario**  
**Schedule of Direct Fundraising Activities**

<b>December 31</b>	<b>2013</b>	<b>2012</b>
<b>Gaming</b>		
Revenue		
Provincial Nevada	\$ 318,847	\$ 387,729
Bingo and other	76,335	74,356
	<u>395,182</u>	<u>462,085</u>
Expenses		
Operations	236,503	249,342
Donations to Chapters	31,708	29,787
	<u>268,211</u>	<u>279,129</u>
<b>Net revenue for the year</b>	<b>\$ 126,971</b>	<b>\$ 182,956</b>
<b>Special Events and Other Fundraising</b>		
Revenue	\$ 206,574	\$ 138,510
Expenses	89,481	18,098
	<u>117,093</u>	<u>120,412</u>
<b>Net revenue for the year</b>	<b>\$ 117,093</b>	<b>\$ 120,412</b>
<b>Total</b>		
Fundraising revenues	\$ 601,756	\$ 600,595
Fundraising expenses	357,692	297,227
	<u>244,064</u>	<u>303,368</u>
<b>Net revenue for the year</b>	<b>\$ 244,064</b>	<b>\$ 303,368</b>