

**THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH
(FOUNDED IN MEMORY OF SAMUEL T. ORTON)**

**Auditor's Report
Financial Statements
December 31, 2017**

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of The International Dyslexia Association, Ontario Branch (Founded in Memory of Samuel T. Orton):

We have audited the accompanying financial statements of The International Dyslexia Association, Ontario Branch (Founded in Memory of Samuel T. Orton) ("the Association") which comprise the statement of financial position as at December 31, 2017 and the statements of operations and change in accumulated operating surplus 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 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 of 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 Association's preparation and fair representation 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 Association's internal controls. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many organizations, the Association derives revenues from the general public in the form of donations and fundraising functions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenues was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary to revenues, operating deficit and cash flows from operations for the year ended, current assets and accumulated surplus as at December 31, 2017.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2017 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.

CHARTERED ACCOUNTANTS

Licensed Public Accountants

Vaughan, Ontario

April 16, 2018

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

Statement of Financial Position

December 31, 2017

	2017	2016
Assets		
Cash and cash equivalents	\$ 77,578	\$ 63,128
HST receivable	3,589	4,124
Prepaid expenses	563	2,073
	81,730	69,325
Investments (note 3)	91,681	91,178
	\$ 173,411	\$ 160,503
Liabilities		
Accounts payable and accrued liabilities	\$ 4,030	\$ 8,878
	4,030	8,878
Accumulated surplus	169,381	151,625
	\$ 173,411	\$ 160,503

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Contingencies (note 4)

ON BEHALF OF THE BOARD:

_____ Director

_____ Director

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

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Statements of Operations and Change in Accumulated Operating Surplus

Year Ended December 31, 2017

	2017	2016
Revenues (note 2)		
Received donations (note 2)	\$ 29,240	\$ 13,500
Unreceived donations (note 2)	1,552	194
Conference fees	-	13,455
Fundraising	-	1,584
Membership fees	2,671	4,138
Parent conference fees	1,225	17,475
Interest income	503	535
	35,191	50,881
Expenditures		
Advertising and promotion of services	382	4,350
Conference	-	10,532
Conference for parents	-	14,498
International liaison	3,352	6,888
Office and general	2,500	5,348
Outreach programs	2,826	2,200
Professional fees	3,500	3,183
Scholarships	-	1,500
Subcontractors	2,585	17,918
Telecommunication	319	144
Website development	1,971	1,007
	17,435	67,568
Operating surplus (deficit)	17,756	(16,687)
Accumulated operating surplus, beginning of year	151,625	168,312
Accumulated operating surplus, end of year	\$ 169,381	\$ 151,625

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THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

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Statement of Changes in Cash Flows

Year Ended December 31, 2017

	2017	2016
Operating activities		
Operating deficit	\$ 17,756	\$ (16,687)
Changes in non-cash working capital		
Accounts and HST receivable	535	(2,680)
Prepaid expenses	1,510	163
Accounts payable and accrued liabilities	(4,848)	(2,445)
Deferred revenue	-	(760)
	14,953	(22,409)
Investing activities		
Investments	(503)	(535)
	(503)	(535)
Increase (decrease) in cash and cash equivalents	14,450	(22,944)
Cash and cash equivalents, beginning of year	63,128	86,072
Cash and cash equivalents, end of year	\$ 77,578	\$ 63,128

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THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

(FOUNDED IN MEMORY OF SAMUEL T. ORTON)

Notes to Financial Statements

Year Ended December 31, 2017

1. Purpose, objects and operations of the Association

The International Dyslexia Association, Ontario Branch (Founded in Memory of Samuel T. Orton) ("the Association") is a not-for-profit organization dedicated to providing and maintaining awareness in all areas and aspects regarding dyslexia and related disorders.

The Association was incorporated by letters patent as a corporation without share capital in the Province of Ontario on June 18, 2004.

a) The objects of the Association are:

- i) To educate the public and professionals about the nature of dyslexia and related disorders by offering courses, seminars and conferences and by collecting and disseminating research-based information on dyslexia and related disorders;
- ii) To promote, support and encourage study and research concerning the nature of such disorders as well as all aspects of the acquisition and mastery of written language including, but not limited to reading, spelling and writing;
- iii) To promote, encourage and support the education of professionals and other personnel to ameliorate the impact of dyslexia and related disorders and to promote optimal methods of reading instruction or remediation for all persons; and
- iv) To educate the public and professionals about, and to promote, the appropriate diagnosis and treatment of dyslexia and related disorders.

b) The Association is subject to the following terms as well as numerous other conditions:

- i) The Association shall be carried on without the purpose of gain for its members, and any profits or other accretions to the Association shall be used in promoting its objects.
- ii) The Association shall be subject to the Charities Accounting Act of Ontario and the Charitable Gifts Act of Ontario.
- iii) Members of the Board of Directors shall serve as such without remuneration and shall not directly or indirectly profit from their positions per se, notwithstanding that they may be reimbursed reasonable expenses incurred by them in the performance of their duties.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

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Notes to Financial Statements

Year Ended December 31, 2017

2. Significant accounting policies

Basis of presentation

These financial statements present, in accordance with Canadian accounting standards for not for profit organizations, the assets, liabilities, revenue, expenses and cash flows of the Association.

Cash and cash equivalents

The Association considers deposits in bank, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Investments

Investments comprise of two Guaranteed Investment Certificates ("GICs"). They are stated at fair value determined on the basis of market value.

Foreign currency

The Association uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations, except for the cost of amortization translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

Financial instruments other than investments

The following policies and assumptions were used to determine the fair value of each class of financial assets and financial liabilities. Cash and cash equivalents, accounts receivables, HST receivable, accounts payable and accrued liabilities are financial assets and liabilities are measured at their carrying amount since it is comparable to their fair value due to the approaching maturity of these financial instruments.

Donations

Receipted Donations: Tax receipts are issued directly by the Association.

Unreceipted Donations: Tax receipts are issued directly by CanadaHelps or the United Way, two separate registered Canadian charities.

THE INTERNATIONAL DYSLEXIA ASSOCIATION, ONTARIO BRANCH

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Notes to Financial Statements

Year Ended December 31, 2017

2. Significant accounting policies - continued

Revenue recognition

Grants, sponsorships, conference fees, training workshops and private tutoring, newsletter advertising and membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Received donations and unreceipted donations as well as fundraising income are recorded when received.

Investment income, such as interest income, is recorded on the accrual basis.

The Association follows the deferral method of accounting for revenues.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current period. Estimates are required in determining future cash flows when assessing assets for impairment, the useful lives of capital assets for amortization purposes, the allowance for uncollectible accounts receivable and contingencies. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

Income taxes

The Association is exempt from income taxes under the Income Tax Act.

Donated services

Some of the work of the Association is dependent on voluntary services offered by volunteers. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services of this kind are not recognized in these financial statements.

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Notes to Financial Statements

Year Ended December 31, 2017

3. Investments

The fair value of the GICs in 2017 were \$91,681 (2016 - \$ 91,178). The principal amount of the first GIC was \$ 49,552 purchased for one year at an interest rate of 0.50%, maturing on March 3, 2018. The principal amount of the second GIC was \$42,129 purchased for one year at an interest rate of 0.50%, maturing on June 21, 2018. The accrued interest on the GICs at year end amounted to \$ 503.

4. Contingencies

The cash account contains a reserve of \$3,136 segregated for the purpose of contingencies and scholarships.

5. Remuneration of Board of Directors

Members of the Board of Directors are volunteers who served without remuneration for acting as directors.

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Notes to Financial Statements

Year Ended December 31, 2017

6. Financial instruments and risk management

The Association is exposed to the following risks related to its financial assets and liabilities. The Association is not exposed to market risk, other price risk, or any significant concentrations of risk. The following financial risk assessment has remained unchanged from prior year.

(a) Fair values:

The fair values of receivables and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

(b) 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 Association's main credit risks relates to its accounts receivable. There is minimal to no risk relating to the accounts receivable of the Association.

(c) Foreign exchange risk:

Certain of the Association's revenue and expenses are incurred in foreign currencies and are therefore subject to gains and losses due to fluctuations in these currencies' values relative to the Canadian dollar. Foreign transactions of the Association are minimal posing minimal risk to the Association.

(d) Liquidity risk

The Association is exposed to the risk of being unable to honour its financial commitments by the deadlines set out under the terms of such commitments. The Association is exposed to this risk mainly through its accounts payable. Senior management manages the Association's cash resources based on financial forecasts and anticipated cash flows.