

**THE LYMPHOVENOUS ASSOCIATION OF ONTARIO**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2015**



# THE LYMPHOVENOUS ASSOCIATION OF ONTARIO

MARCH 31, 2015

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## Independent Auditor's Report

**To the Board of Directors of:  
The Lymphovenous Association of Ontario**

I have audited the accompanying financial statements of The Lymphovenous Association of Ontario which comprise the balance sheet as of March 31, 2015, and the statement of operations and change in fund balances and cash flow statement 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 judgement, 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 audit opinion.



MELISSA L.  
COULSON  
CPA, CA, LPA



***Basis for Qualified Opinion***

In common with many non-profit organizations, The Lymphovenous Association of Ontario derives revenues from events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenue was limited to the amounts recorded in the records of the Organization and I was not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net fund balances.

***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 Lymphovenous Association of Ontario as of March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



**Melissa L. Coulson, CPA, CA**  
Licensed Public Accountant  
A Professional Corporation

February 24, 2016  
Milton, Ontario



**MELISSA L.  
COULSON**  
CPA, CA, LPA



The Lymphovenous Association of Ontario

BALANCE SHEET

As at March 31

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	21,415	44,329
Short term investments (note 3)	853	842
Accounts receivable	3,745	24,086
Prepaid expenses	533	135
Book and product inventory	747	1,732
<b>Total current assets</b>	<b>27,293</b>	<b>71,124</b>
Capital asset, net (note 4)	1,450	-
	<b>28,743</b>	<b>71,124</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	4,290	4,351
Government remittances	-	1,634
<b>Total current liabilities</b>	<b>4,290</b>	<b>5,985</b>
<b>Fund Balances (note 2)</b>		
Operating Fund - unrestricted	22,728	63,414
Compassion Fund - restricted	1,725	1,725
	<b>24,453</b>	<b>65,139</b>
	<b>28,743</b>	<b>71,124</b>

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

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The Lymphovenous Association of Ontario

**STATEMENT OF OPERATIONS  
AND CHANGES IN FUND BALANCES**

Year ended March 31

	Operating Fund	Compassion Fund	2015 Total	2014 Total
<b>REVENUE</b>				
Memberships	30,795	-	30,795	32,730
Fundraising and Sundry	16,347	-	16,347	26,539
Donations	13,344	-	13,344	33,685
Grants	3,428	-	3,428	3,541
Newsletter	2,905	-	2,905	2,952
Product Sales	100	-	100	50
Interest	11	-	11	10
Conference	3	-	3	72,808
Management and administration	-	-	-	25,000
<b>Gross Revenue</b>	<b>66,933</b>	<b>-</b>	<b>66,933</b>	<b>197,315</b>
<b>PROGRAM EXPENSES</b>				
Education and Awareness	5,906	-	5,906	7,523
Conference Costs	5,516	-	5,516	35,571
Newsletter	3,905	-	3,905	4,138
Products Costs	1,005	-	1,005	1,999
Wages and Benefits	40,495	-	40,495	55,250
Telephone Helpline	-	-	-	750
<b>Total Program Expenses</b>	<b>56,827</b>	<b>-</b>	<b>56,827</b>	<b>105,231</b>
<b>ADMINISTRATION EXPENSES</b>				
Wages and Benefits	26,996	-	26,996	36,355
Rent	8,851	-	8,851	8,400
Office and General	6,832	-	6,832	6,682
Insurance	2,463	-	2,463	2,194
Bank Charges	2,424	-	2,424	2,436
Fundraising Costs	1,872	-	1,872	2,862
Professional Fees	1,250	-	1,250	1,500
Travel	104	-	104	1,572
<b>Total Administration Expenses</b>	<b>50,792</b>	<b>-</b>	<b>50,792</b>	<b>62,001</b>
<b>Excess (shortfall) of revenue over expenses</b>	<b>(40,686)</b>	<b>-</b>	<b>(40,686)</b>	<b>30,083</b>
Fund balance, beginning of year	63,414	1,725	65,139	35,056
Interfund transfers	-	-	-	-
<b>Fund balance, end of year</b>	<b>22,728</b>	<b>1,725</b>	<b>24,453</b>	<b>65,139</b>

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

**The Lymphovenous Association of Ontario**

**STATEMENT OF CASH FLOWS**

Year ended March 31

	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenues over expenses	(40,686)	30,083
Amortization	393	-
Changes in non-cash working capital items:		
Decrease in accounts receivable	20,341	5,072
Increase in prepaid expenses	(398)	-
Decrease in inventory	985	728
(Decrease)/increase in accounts payable and accrued liabilities	(61)	585
Decrease in government remittances	(1,634)	(1,819)
<b>Cash provided by (used in) operating activities</b>	<b>(21,060)</b>	<b>34,649</b>
<b>INVESTING ACTIVITIES</b>		
Capital asset additions	(1,843)	-
Increase in short term investments	(11)	(10)
<b>Cash used in investing activities</b>	<b>(1,854)</b>	<b>(10)</b>
<b>Net change in cash</b>	<b>(22,914)</b>	<b>34,639</b>
Cash, beginning of year	44,329	9,690
<b>Cash, end of year</b>	<b>21,415</b>	<b>44,329</b>

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

## **The Lymphovenous Association of Ontario**

### **NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2015

#### **1. PURPOSE OF THE ORGANIZATION**

The Lymphovenous Association of Ontario (“the organization” or “the LAO”) is a non-profit organization of health care professionals, individuals and families who are dedicated to improving life for people living with Lymphedema. The organization operates under the trading name of “The Lymphedema Association of Ontario”.

The organization is incorporated under the Ontario Corporations Act as a not-for-profit organization and is registered under the Income Tax Act, registration number 87165 5049 RR0001 and is exempt from income taxes under Section 149 of the Income Tax Act.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of presentation**

The financial statements of the organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the reporting period. Actual results could differ from those estimates.

##### **Fund Accounting**

The organization follows the restricted method of accounting for contributions.

###### **(i) Operating Fund**

The Operating Fund accounts for the expenditures related to programs, administrative and other operations of the organization financed by grant and general revenues. Surpluses may be used to fund special initiatives as approved by the Board of Directors.

###### **(ii) Compassion Fund**

The Compassion fund was established in 2008. This fund has been established to assist those that need financial assistance for Lymphedema management.



## The Lymphovenous Association of Ontario

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

#### Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expense is incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Short term investments

Short term investments are classified as held-for-trading based on management's intention and are reported at estimated fair value. Realized and unrealized gains and losses are recognized as investment income as they arise.

#### Capital assets

Capital assets are recorded at cost. The organization provides for depreciation using the declining balance method at rates designed to amortize the cost of the capital assets over their useful lives. The annual rates are as follows:

Office Furniture	20% declining balance
Computers	55% declining balance

#### Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts disclosed in the financial statements. Actual results could differ from those estimates. In particular, recognizing government funding during the period of service involves estimating adjustments the government may make subsequent to a period.

#### Volunteer services

The organization benefits from substantial services in the form of volunteer time. Since these invaluable services are not purchased by the organization, they are not recorded in these financial statements.

#### Financial instruments – recognition and measurement

##### *Initial measurement*

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees

## The Lymphovenous Association of Ontario

### NOTES TO THE FINANCIAL STATEMENTS

March 31, 2015

relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

#### *Subsequent measurement*

At each reporting date, the LAO measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, short term investments, campaign pledges and other receivables and accounts payable and accrued liabilities.

For financial assets measured at cost or amortized cost, LAO regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and management determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year of reversal.

### 3. SHORT TERM INVESTMENTS

Short term investments consist of high interest bearing accounts totaling \$853 (2014 – \$842) earning interest at 1.0%. The fair value of these instruments approximates their carrying value as of March 31, 2015.

### 4. CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	2015 \$	2014 \$
Furniture	650	65	585	—
Computer	1,193	328	865	—
	1,843	393	1450	—

### 5. FINANCIAL INSTRUMENTS

#### Credit Risk

The organization is exposed to credit risk on the accounts receivable from its members and advertisers. Management believes that this risk is not significant.

## **The Lymphovenous Association of Ontario**

### **NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2015

#### **Fair Values**

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and deferred revenue approximate their carrying value due to their short term nature. The fair values of short term investments are disclosed in Note 3.

#### **Interest Rate Risk**

Management does not feel that the organization is subject to significant interest rate risk due to the short term nature of its investments at fixed rates.

### **6. CAPITAL MANAGEMENT**

The LAO's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can ensure the continuation of offering conferences, programs and services to the community.

The capital structure of the LAO consists of unrestricted net assets and internally restricted assets. The LAO manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets. The LAO's primary use of capital is to finance non-cash working capital requirements and capital expenditures which are currently funded from its internally generated cash flows.

The unrestricted net assets are broken into various reserves each with a specific purpose and are managed to ensure the LAO can continue to provide stable funding to the programs that they support. In particular, the stabilization reserve has been established to minimize volatility in funding and ensure liquidity is available for significant or unusual one-time operating and capital costs.

The LAO is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

**The Lymphovenous Association of Ontario**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2015

**7. COMMITMENTS**

The LAO has entered into operating lease agreements for office space. The future minimum lease payments are as follows:

	\$
2016	5,814
2017	5,957
2018	997
2019	—
2020	—
Thereafter	—
	12,768