

# **LUPUS ONTARIO**

*REPORT AND FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019*

## ***INDEPENDENT AUDITOR'S REPORT***

### **To the Board of Directors of Lupus Ontario**

#### **Qualified Opinion**

We have audited the financial statements of Lupus Ontario (the "association"), which comprise the statement of financial position as at September 30, 2019, and the statements of operations, changes in net assets 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 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 association as at September 30, 2019, and its results of 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, Lupus Ontario derives revenues from fees and other activities, 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 association and we were not able to determine whether any adjustments might be necessary to fees and other revenues, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the association 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 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 association'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 association or to cease operations, or has no realistic alternative but to do so.

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

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

### **Auditor's 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 association'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 association'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 association 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  
January 8, 2020

*Gilmore + Company LLP*  
Chartered Professional Accountants  
Licensed Public Accountants

**LUPUS ONTARIO***(Incorporated under The Business Corporations Act - Ontario)***STATEMENT OF FINANCIAL POSITION***As at September 30,*

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 31,790	\$ 52,714
Short-term investment	603,603	319,253
Accounts receivable	2,050	1,491
Government remittances receivable	3,265	4,832
Inventory	934	784
Prepaid expenses	1,203	3,222
	<b>642,845</b>	<b>382,296</b>
<b>Property, plant and equipment</b> (Note 3)	-	1,116
	<b>\$ 642,845</b>	<b>\$ 383,412</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 39,129	\$ 16,951
<b>FUND BALANCES</b>		
<b>Deferred contributions</b> (Note 4)	82,706	77,639
<b>Unrestricted fund balance</b> (page 2)	521,010	288,822
	<b>603,716</b>	<b>366,461</b>
	<b>\$ 642,845</b>	<b>\$ 383,412</b>

**On behalf of the Board**\_\_\_\_\_  
Director\_\_\_\_\_  
Director

## **LUPUS ONTARIO**

### **STATEMENT OF OPERATIONS AND UNRESTRICTED FUND BALANCE**

*For the year ended September 30,*

	2019	2018
<b>Receipts</b>		
Annual health symposium	\$ 2,084	\$ 5,810
Bequests	299,178	-
Books and literature	35	1,254
Charitable donations	28,631	23,089
Individual membership dues	5,425	8,275
Investment and interest income	13,271	18,291
Italian dinner	72,485	81,108
Memorial donations	12,950	22,006
Other activities income	3,351	5,604
Ottawa door to door	6,138	5,410
Research donations	51,410	49,302
Scotia bank marathon	6,985	14,090
Walk for Lupus	99,370	147,590
	<b>601,313</b>	<b>381,829</b>
<b>Expenses</b>		
Administration	56,654	57,616
Fundraising	124,803	133,212
Public Awareness	38,438	35,771
Research funding and clinic support	77,299	81,157
Support and education programs	50,526	51,961
Volunteer Support	21,405	21,901
	<b>369,125</b>	<b>381,618</b>
<b>Excess of receipts over expenses</b>	<b>232,188</b>	<b>211</b>
<b>Unrestricted fund balance, beginning of year</b>	<b>288,822</b>	<b>288,611</b>
<b>Unrestricted fund balance, end of year</b>	<b>\$ 521,010</b>	<b>\$ 288,822</b>

## **LUPUS ONTARIO**

### **STATEMENT OF CASH FLOWS**

*For the year ended September 30,*

	2019	2018
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess of receipts over expenses - unrestricted fund	\$ 232,188	\$ 211
Add items not affecting cash:		
Amortization	-	279
Loss on disposal of capital assets	1,116	699
	<b>233,304</b>	<b>1,189</b>
 Net changes in non-cash working capital amounts:		
Accounts receivable	(559)	2,398
Government remittances receivable	1,567	4,057
Inventory	(150)	(784)
Prepaid expenses	2,019	(933)
Accounts payable and accrued liabilities	22,178	5,903
Deferred contributions	5,067	(16,518)
	<b>263,426</b>	<b>(4,688)</b>
 <b>Investing activity</b>		
Short-term investment	(284,350)	(3,156)
 <b>Net (decrease) in cash during the year</b>	<b>(20,924)</b>	<b>(7,844)</b>
 <b>Cash, beginning of the year</b>	<b>52,714</b>	<b>60,558</b>
 <b>Cash, end of the year</b>	<b>\$ 31,790</b>	<b>\$ 52,714</b>

**NOTES TO FINANCIAL STATEMENTS**

*September 30, 2019*

***Organization and purpose***

Lupus Ontario (the "Association") was incorporated without share capital by letters patent under the Ontario Corporations Act.

The Association raises money to provide support, education, public awareness, and to fund research. The Association offers both support and education to those suffering from Lupus and their families and friends. Research contributions are used to fund the Geoff Carr Fellowship which enables a Rheumatology resident to extend their study for a year at an Ontario Lupus Clinic and to perform lupus research. Money is raised by donations, memorials and bequests, memberships and special events.

The Association is a registered charitable organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

**1. *Summary of significant accounting policies***

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

**Revenue recognition**

The Association follows the deferral method in accounting for revenue, where all contributions and event revenue are recorded when received. Restricted contributions are recorded as revenue in the period in which the related expenses are incurred. Membership fees are recognized over the term of the membership. Interest and investment income is recorded on the accrual basis, as earned.

**Short-term investments**

Short-term investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in net income in the period incurred. Transaction costs that are directly attributable to the acquisition of these investments are recognized in net income in the period incurred.

**Inventory**

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first in - first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

1. *Summary of significant accounting policies (continued)*

**Property, plant and equipment**

Property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair market value at the date of the contribution.

**Impairment of long-lived assets**

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

**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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Such estimates include the useful lives of property, plant and equipment and allowances for doubtful accounts. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

**Donated services/ services in kind**

The fair value of donated services and services in kind, where determinable, are not reflected in these statements.

**Financial instruments**

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.



**NOTES TO FINANCIAL STATEMENTS**

*September 30, 2019*

**2. Financial instruments**

The significant financial risks to which the Association is exposed are as follows:

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Association's investments in publicly traded securities expose the Association to market risk as such investments are subject to price changes in the open market. The Association does not use derivative financial instruments to alter the effects of this risk.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from pledges. The Association monitors the credit risk and credit rating of individuals and entities that have made pledges to the Association and maintains an allowance where collectibility is doubtful.

**3. Property, plant and equipment**

	2019		2018	
	Cost	Accumulated Amortization	Net Carrying Value	Net Carrying Value
Furniture and fixtures	-	-	-	1,116

## LUPUS ONTARIO

### NOTES TO FINANCIAL STATEMENTS

September 30, 2019

#### 4. *Deferred contributions*

Deferred contributions represent monies designated for the Melissa Salsburg Fund, the Order Eastern Star, Kitchener/Waterloo region work, the Janet Calderone trust, the Gotkin Family fund to be used for operations, the Mary Frances Perpick fund to be used in Sudbury, Ottawa Hospital Lupus Clinic, the Mississauga Legion fund to be used in Mississauga. Research contributions represent monies received and restricted for research projects and had a nil balance at year end.

	September 30, 2018	Receipts	Expenses	September 30, 2019
Melissa Salsburg Fund	\$ 600	\$ 1,200	\$ -	\$ 1,800
Order Eastern Star	138	-	-	138
Kitchener/ Waterloo	681	-	592	89
Janet Calderone trust	73,491	4,919	-	78,410
Gotkin Family	583	454	-	1,037
Mary Frances Perpick	1,282	-	300	982
Ottawa Hospital Lupus Clinic	614	-	614	-
Mississauga Legion	250	-	-	250
	\$ 77,639	\$ 6,573	\$ 1,506	\$ 82,706

#### 5. *Lease commitments*

The Association entered into a lease agreement for office space for a term of 3 years and 1 month, expiring July 31, 2022. The Association also entered into a lease agreement for a photocopier rental for a term of 3 years, expiring June 30, 2020. Future minimum annual payments (excluding taxes, maintenance fees and insurance) are as follows:

	Total	Photocopier	Premises
2020	\$ 14,549	\$ 1,944	\$ 12,605
2021	12,653	-	12,653
2022	10,544	-	10,544
	\$ 37,746	\$ 1,944	\$ 35,802