

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Financial Statements

Year Ended December 31, 2013

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)
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Year Ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Federation of Clinical Neurophysiology

We have audited the accompanying financial statements of International Federation of Clinical Neurophysiology, which comprise the statement of financial position as at December 31, 2013 and the statements of revenues and expenses, 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 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 audit opinion.

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Independent Auditor's Report to the Members of International Federation of Clinical Neurophysiology
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of International Federation of Clinical Neurophysiology as at December 31, 2013 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.

Report on Other Legal and Regulatory Requirements

As required under the Canada Corporations Act we report that, in our opinion, these standards have been applied on a basis consistent with that of the preceding year.

Burnaby, British Columbia
March 19, 2014


Chartered Accountants

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Statement of Financial Position

December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 547,568	\$ 573,946
INVESTMENTS (Cost \$3,352,805) (Note 3)	3,846,824	3,375,441
RESTRICTED CASH (Note 4)	<u>60,000</u>	<u>60,000</u>
	<u>\$ 4,454,392</u>	<u>\$ 4,009,387</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accrued liabilities	\$ -	\$ 7,500
NET ASSETS - page 5	<u>4,454,392</u>	<u>4,001,887</u>
LIABILITIES AND NET ASSETS	<u>\$ 4,454,392</u>	<u>\$ 4,009,387</u>
COMMITMENT (Note 5)		

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY*(Expressed in U.S. dollars)***Statement of Revenues and Expenses****Year Ended December 31, 2013**

	2013	2012
REVENUE		
Elsevier royalties	\$ 528,269	\$ 511,184
Unrealized investment gains	145,267	94,861
Investment income	139,912	139,832
Delegate dues	70,587	67,117
	<u>884,035</u>	<u>812,994</u>
EXPENSES		
ICCN 2014	130,301	-
Exco expenses	70,926	129,568
External financial advisor	47,170	42,954
Secretariat	45,945	44,347
Scholarships	30,000	80,000
EU chapter	25,000	-
NA chapter	25,000	25,000
AO Chapter	25,000	25,000
Legal	11,424	8,271
Special workshops	8,000	11,520
Loss on foreign exchange	6,206	1,076
Bank charges and interest	3,044	2,916
Insurance	2,738	2,673
Editorial support	631	3,532
Accounting	145	9,862
Journal subscriptions	-	1,059
	<u>431,530</u>	<u>387,778</u>
EXCESS OF REVENUE OVER EXPENSES - page 5, 6	<u>\$ 452,505</u>	<u>\$ 425,216</u>

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)
Statement of Changes in Net Assets
Year Ended December 31, 2013

	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 4,001,887	\$ 3,576,671
Excess of revenue over expenses - page 4	<u>452,505</u>	<u>425,216</u>
NET ASSETS - END OF YEAR - page 3	<u>\$ 4,454,392</u>	<u>\$ 4,001,887</u>

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY*(Expressed in U.S. dollars)***Statement of Cash Flows****Year Ended December 31, 2013**

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenses - page 4	\$ 452,505	\$ 425,216
Item not affecting cash:		
Unrealized investment gains	<u>(145,267)</u>	<u>(94,861)</u>
	307,238	330,355
Changes in non-cash working capital:		
Amounts recoverable	-	9,480
Accrued liabilities	<u>(7,500)</u>	<u>-</u>
	(7,500)	9,480
Cash flow from operating activities	<u>299,738</u>	<u>339,835</u>
INVESTING ACTIVITY		
Purchase of investments	<u>(326,116)</u>	<u>(207,907)</u>
INCREASE (DECREASE) IN CASH FLOW	(26,378)	131,928
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>633,946</u>	<u>502,018</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 607,568</u>	<u>\$ 633,946</u>
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 479,107	\$ 505,526
Restricted cash	60,000	60,000
Money market fund	<u>68,461</u>	<u>68,420</u>
	<u>\$ 607,568</u>	<u>\$ 633,946</u>

See notes to financial statements

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2013

1. OPERATIONS

International Federation of Clinical Neurophysiology (the "Organization") was registered in Marseille, France in 1953 as a non-profit organization, involved in the education and dissemination of clinical neurophysiology. The Organization was incorporated on May 10, 2005 under the Canada Corporations Act as a non-profit organization under the Income Tax Act and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

These financial statements are expressed in U.S. dollars. Accounts in other currencies have been translated into U.S. dollars. Monetary assets and liabilities have been translated at the year end exchange rate of 0.9402 (2012 - 1.0051) U.S. dollars. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenditures have been translated at the average annual rate of exchange during the year of 0.9707 (2012 - 1.0006) U.S. dollars. Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Revenue Recognition

Investment income is recognized as revenue when earned using the accrual method of accounting. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

Royalty and dues revenue are recognized when received, as no reasonable assurance exists regarding measurement and collectability to recognize on an accrual basis.

Cash and Cash Equivalents

Any term deposits or similar contractual instruments that are cashable and have a maturity term of three months or less are classified as cash equivalents. Cash and cash equivalents, including restricted cash, at year-end consist of \$539,107 cash (2012 - \$565,526) and \$68,461 money market funds (2012 - \$68,420).

Investments

Investments consist of publically traded equity investments and publically traded fixed income securities that either do not mature within the next fiscal year, or are intended to be held to maturity and reinvested. These investments have been classified as long term assets.

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2013

3. INVESTMENTS

	<u>2013</u>	<u>2012</u>
Equity common shares	\$ 1,796,761	\$ 1,436,380
Fixed income bonds	1,714,593	1,589,105
Fixed income preferred shares	<u>335,470</u>	<u>349,956</u>
	<u>\$ 3,846,824</u>	<u>\$ 3,375,441</u>

Bonds have coupon rates from 1.25% to 6.132% (2012 – 1.875% to 6.132%) and varying maturity dates to 2017. The Organization's investment policy is to invest conservatively in high-grade securities to minimize risk of loss while earning a reasonable rate of return. This policy is accomplished by utilizing the services of an investment broker and holding a diversified portfolio.

Investment income is comprised of the following:

Interest	\$ 52,716	\$ 50,336
Dividends	37,132	35,434
Realized gains	28,518	34,495
Other income	<u>21,546</u>	<u>19,567</u>
	<u>\$ 139,912</u>	<u>\$ 139,832</u>

4. RESTRICTED CASH

The Bank of Montreal is withholding \$60,000 as coverage for the Organization's Mastercard credit card, as security. This amount is held in an interest-bearing account with the bank.

5. COMMITMENT

The Organization has a contract with the Congress Management Company Conventus and the Congress Chairs to provide support of two payments of \$100,000 for the 2014 ICCN meeting. The first payment was in 2013, while the second payment will occur in 2014.

6. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value, less significant associated transaction costs. Subsequently, publically traded equity investments and all publically traded fixed income securities are measured at their fair value. All loans and receivables are subsequently measured at their amortized cost using the effective interest method, while all other financial instruments are subsequently measured at their fair value. Any unrealized gains or losses associated with subsequent measurement are recognized immediately in net excess of revenue over expenses.

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INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2013

6. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk for its investments. Exposures to credit risk and significant changes to the risk exposure from the prior year are as follows:

Investments consist of publically traded equity investments and all publically traded fixed income securities issued by large corporations and financial institutions and held through one investment broker. The diversity of the Organization's portfolio has remained the same from the prior year, resulting in no change in credit risk exposure.

Concentrations of credit risk include:

All the investments are held and managed by one investment broker and the amounts invested for many of the eligible fixed securities exceeds the Canadian Deposit Insurance Corporation's threshold of \$100,000. Therefore any financial difficulties encountered by the broker or unfavorable investment decisions could adversely affect the collectability and valuation of the investments

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk for its investments. Exposures to interest rate risk are as follows:

Investments consist of publically traded fixed income securities issued by large corporations and financial institutions, the majority of which are tied to set interest rates, minimizing the risk of significant reductions to interest revenue.

Currency Risk

Currency risk is the risk that the Organization's fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates due to volatility caused by external factors. The Organization is exposed to currency risk and its effect on the exchange gain or loss for the year on cash held in U.S. dollar bank accounts and foreign investments.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Organization is exposed to market risk for its investments as the fair value can be significantly affected by price and valuation changes in the open market. The majority of investments are actively managed by a professional broker and concentrated in low risk equities and fixed income securities, which serves to reduce the overall market risk.
