

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)

Financial Statements

Year Ended December 31, 2011

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)

Index to Financial Statements

Year Ended December 31, 2011

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 9

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, 2011, and the statements of revenues and expenditures, 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 generally accepted accounting principles, 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 audit opinion.

(continues)

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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

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

Burnaby, British Columbia
March 26, 2012


Chartered Accountants

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Statement of Financial Position

December 31, 2011

	2011	2010
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 442,018	\$ 185,001
Amounts recoverable	9,481	5,043
	<u>451,499</u>	<u>190,044</u>
INVESTMENTS (Cost \$2,818,782)	3,072,672	2,845,970
RESTRICTED CASH (Note 3)	<u>60,000</u>	<u>60,000</u>
	<u>\$ 3,584,171</u>	<u>\$ 3,096,014</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accrued liabilities	\$ 7,500	\$ 7,500
NET ASSETS - page 5	<u>3,576,671</u>	<u>3,088,514</u>
LIABILITIES AND NET ASSETS	<u>\$ 3,584,171</u>	<u>\$ 3,096,014</u>

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 Expenditures

Year Ended December 31, 2011

	2011	2010
REVENUE		
Elsevier royalties	\$ 538,841	\$ 510,737
International congress refund	228,462	215
Investment income	97,227	75,420
Delegate dues	66,642	79,363
Gain (loss) on foreign exchange	(9,438)	14,445
Unrealized investment gains (losses)	(29,063)	146,786
	<u>892,671</u>	<u>826,966</u>
EXPENDITURES		
Exco expenses	104,335	138,562
EU chapter	50,000	-
LA chapter	50,000	18,375
Scholarships	50,000	40,000
Secretariat	44,511	46,490
External financial advisor	38,085	31,714
NA chapter	25,000	25,000
Legal	14,887	19,835
Editorial support (recovery)	12,996	(1,282)
Accounting	8,871	7,718
Bank charges and interest	3,128	1,201
Insurance	2,701	2,592
Special workshops	-	10,000
ICCN 2010	-	114,979
Treasurer's office	-	477
	<u>404,514</u>	<u>455,661</u>
EXCESS OF REVENUE OVER EXPENDITURES - page 5	<u>\$ 488,157</u>	<u>\$ 371,305</u>

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)

Statement of Changes in Net Assets

Year Ended December 31, 2011

	2011	2010
NET ASSETS - BEGINNING OF YEAR	\$ 3,088,514	\$ 2,717,209
Excess of revenue over expenditures - page 4	<u>488,157</u>	<u>371,305</u>
NET ASSETS - END OF YEAR - page 3	<u>\$ 3,576,671</u>	<u>\$ 3,088,514</u>

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY*(Expressed in U.S. dollars)***Statement of Cash Flows****Year Ended December 31, 2011**

	2011	2010
OPERATING ACTIVITIES		
Excess of revenue over expenditures - page 4	\$ 488,157	\$ 371,305
Item not affecting cash:		
Unrealized investment gains (losses)	<u>29,063</u>	(146,786)
	517,220	224,519
Change in non-cash working capital:		
Amounts recoverable	<u>(4,438)</u>	(5,044)
Cash flow from operating activities	<u>512,782</u>	219,475
INVESTING ACTIVITY		
Purchase of marketable securities	<u>(255,765)</u>	(431,379)
INCREASE (DECREASE) IN CASH FLOW	257,017	(211,904)
Cash and cash equivalents - beginning of year	<u>245,001</u>	456,905
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 502,018</u>	\$ 245,001
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash and cash equivalents	\$ 442,018	\$ 185,001
Restricted cash	<u>60,000</u>	60,000
	<u>\$ 502,018</u>	\$ 245,001

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2011

1. OPERATIONS

International Federation of Clinical Neurophysiology 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 generally accepted accounting principles for non-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 0.9833 (2010 - 0.9946) 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 1.0114 (2010 - 0.9704) U.S. dollars. Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Revenue Recognition

Investment income includes dividend and interest income, and realized investment gains and losses. Investment income is recognized as revenue when earned on an accrual basis. Unrealized gains and losses on investments held-for-trading are recognized as revenue in the statement of operations.

Royalty and dues revenue are recognized when received.

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 at year-end consist of \$433,640 cash, \$68,378 money market funds.

Investments

Investments consist of publicly traded equity investments and publicly traded fixed income investments 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.

(continues)

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Disclosure

The organization's capital consists of its net assets of \$3,576,671. The organization's objective when managing capital is to safeguard the organization's ability to continue as a going concern, so that it can continue to fund its charitable program delivery and administrative activities. Management monitors the organization's capital using various financial techniques to ensure that working capital levels are sufficient to meet all obligations as they come due and that cash reserves are adequate to finance future operations.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. A significant area requiring the use of management estimates relates to the evaluation of accrued liabilities.

New Accounting Standards Not Yet Adopted

The Canadian Institute of Chartered Accountants has issued new accounting standards for Not-for-Profit Organizations. These new standards are effective for fiscal years beginning on or after January 1, 2012 with early adoption permitted. The organization has not yet adopted these standards.

These new standards are substantially similar to the previous standards, with the only significant changes expected to be reduced disclosure requirements in the financial statements.

3. 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.

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2011

4. FINANCIAL INSTRUMENTS

Fair Value

All financial instruments are initially recorded at their fair market value. Subsequently, all financial instruments are classified as held-for-trading and are measured at their fair value. Any unrealized gains or losses associated with subsequent measurement are recognized immediately in net income.

The organization's carrying value of cash and cash equivalents, amounts recoverable, investments, restricted cash, and accrued liabilities approximates their fair value due to the immediate or short term maturity of these instruments.

Currency Risk

Currency risk is the risk to the organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The organization is exposed to significant foreign currency exchange risk on cash and cash equivalents and investments held in Canadian dollars due to the current volatility of the international financial currency markets.

Investment Risk

Investment risk is the risk that investment values will increase or decrease due to market volatility. The organization has determined that the risk is moderate as a significant amount of the organization's investment assets are held in public stock markets. These public stock markets have experienced significant fluctuations over the past years. The organization takes action to reduce its exposure to investment risk by diversifying its investment portfolio through a mix of equity and debt instruments, as well as monitoring the investments to minimize potential risks.
