

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. dollars)
Financial Statements
Year Ended December 31, 2010

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

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Year Ended December 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Members of International Federation of Clinical Neurophysiology

Report on the Financial Statements

We have audited the accompanying financial statements of International Federation of Clinical Neurophysiology, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, 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.

Comparative Figures

The comparative figures were not audited using Canadian auditing standards, and were instead audited using Canadian generally accepted auditing standards in effect at that time.

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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, 2010, 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
February 3, 2011

Chartered Accountants

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Statement of Financial Position

December 31, 2010

| | 2010 | 2009 <i>(Note 6)</i> |
|-------------------------------------|---------------------|-------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 185,001 | \$ 396,905 |
| Advance recoverable <i>(Note 3)</i> | 5,044 | - |
| | <u>190,045</u> | 396,905 |
| INVESTMENTS (Cost \$2,563,017) | 2,845,969 | 2,267,804 |
| RESTRICTED CASH <i>(Note 4)</i> | 60,000 | 60,000 |
| | <u>\$ 3,096,014</u> | <u>\$ 2,724,709</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accrued liabilities | \$ 7,500 | \$ 7,500 |
| NET ASSETS - page 4 | <u>3,088,514</u> | <u>2,717,209</u> |
| LIABILITIES AND NET ASSETS | <u>\$ 3,096,014</u> | <u>\$ 2,724,709</u> |

ON BEHALF OF THE BOARD



Director



Director

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Statement of Operations

Year Ended December 31, 2010

| | 2010 | 2009 <i>(Note 6)</i> |
|---|-------------------|-------------------------|
| REVENUE | | |
| Elsevier royalties | \$ 510,737 | \$ 462,038 |
| Unrealized investment gains | 146,786 | 163,414 |
| Delegate dues | 79,363 | 59,450 |
| Investment income | 75,420 | 73,742 |
| Gain on foreign exchange | 14,445 | 67,519 |
| International congress refund | 215 | - |
| | <u>826,966</u> | <u>826,163</u> |
| EXPENDITURES | | |
| Exco expenses | 138,562 | 18,636 |
| ICCN 2010 | 114,979 | 103,732 |
| Secretariat | 46,490 | 40,212 |
| Scholarships | 40,000 | 50,000 |
| External financial advisor | 31,714 | 25,402 |
| NA chapter | 25,000 | 25,000 |
| Legal | 19,835 | 9,400 |
| LA chapter | 18,375 | - |
| Special workshops | 10,000 | - |
| Accounting | 7,718 | 6,838 |
| Insurance | 2,592 | - |
| Bank charges and interest | 1,201 | 1,165 |
| Treasurer's office | 477 | 316 |
| Journal subscriptions | - | 7,698 |
| Chapter abstracts | - | 41,960 |
| Editorial support (recovery) | (1,282) | 44,737 |
| | <u>455,661</u> | <u>375,096</u> |
| EXCESS OF REVENUE OVER EXPENDITURES - page 4 | <u>\$ 371,305</u> | <u>\$ 451,067</u> |

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Statement of Changes in Net Assets

Year Ended December 31, 2010

| | 2010 | 2009 |
|--|---------------------|---------------------|
| | | <i>(Note 6)</i> |
| NET ASSETS - BEGINNING OF YEAR | \$ 2,717,209 | \$ 2,266,142 |
| Excess of revenue over expenditures - page 3 | 371,305 | <u>451,067</u> |
| NET ASSETS - END OF YEAR - page 2 | \$ 3,088,514 | <u>\$ 2,717,209</u> |

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY*(Expressed in U.S. dollars)***Statement of Cash Flows****Year Ended December 31, 2010**

| | 2010 | 2009 <i>(Note 6)</i> |
|--|-------------------|-------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures - page 3 | \$ 371,305 | \$ 451,067 |
| Item not affecting cash: | | |
| Unrealized investment gains | <u>(146,786)</u> | (163,414) |
| | 224,519 | 287,653 |
| Change in non-cash working capital: | | |
| Advance recoverable | <u>(5,044)</u> | - |
| | 219,475 | 287,653 |
| INVESTING ACTIVITY | | |
| Purchase of investments | <u>(431,379)</u> | (220,173) |
| INCREASE (DECREASE) IN CASH FLOW | | |
| | (211,904) | 67,480 |
| Cash - beginning of year | <u>456,905</u> | 389,425 |
| CASH - END OF YEAR | | |
| | <u>\$ 245,001</u> | \$ 456,905 |
| CASH FLOWS SUPPLEMENTARY INFORMATION | | |
| Interest paid | <u>\$ 1,203</u> | \$ 1,165 |
| CASH CONSISTS OF: | | |
| Cash | \$ 185,001 | \$ 396,905 |
| Restricted cash | <u>60,000</u> | 60,000 |
| | <u>\$ 245,001</u> | \$ 456,905 |

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2010

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 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 0.9946 (2009 - 0.9555) 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 0.9704 (2009 - 0.8801) 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

Cash includes cash and cash equivalents. Any term deposits or similar contractual instruments that are cashable and have a maturity date of three months or less are classified as cash equivalents. Cash and cash equivalents at year-end consist of \$116,613 cash, \$68,388 money market funds.

Capital Disclosure

The organization's capital consists of its net assets of \$3,083,470. 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.

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INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2010

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

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 expenditures during the period. 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 Standard - Asset and Liability Recognition

Effective January 1, 2010, the organization adopted the Canadian Institute of Chartered Accountants' ("CICA") amendments to Section 1000 of the Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching the revenue and expense items. The organization has retrospectively adopted the recommendations and the changes had no significant impact on the financial statements for the year ended December 31, 2010.

New Accounting Standard - Not For Profit Presentation

Effective January 1, 2010, the organization adopted the CICA amendments to the 4400 Section of the Handbook. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flow. Adoption of these recommendations had no significant impact on the financial statements for the year ended December 31, 2010.

3. ADVANCE RECOVERABLE

The advance recoverable is an advance to the treasurer for upcoming expenditures in the next fiscal year, however the amount is repayable at the discretion of the board.

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.

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. dollars)

Notes to Financial Statements

Year Ended December 31, 2010

5. 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, advance 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 temporary 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.

6. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
