

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. Dollars)
Financial Statements
December 31, 2016

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. Dollars)
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Year Ended December 31, 2016

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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, 2016 and the statements of operations, changes in net assets and cash flow 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, 2016 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Burnaby, British Columbia
April 26, 2017



Chartered Professional Accountants

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
(Expressed in U.S. Dollars)
Statement of Financial Position
December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 505,932	\$ 453,703
RESTRICTED CASH (Note 3)	60,000	60,000
INVESTMENTS (Cost \$3,510,306) (Note 4)	<u>4,067,069</u>	<u>3,759,531</u>
	<u>\$ 4,633,001</u>	<u>\$ 4,273,234</u>
NET ASSETS - page 4		
Unrestricted	<u>\$ 4,633,001</u>	<u>\$ 4,273,234</u>
	<u>\$ 4,633,001</u>	<u>\$ 4,273,234</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 Changes in Net Assets
Year Ended December 31, 2016

	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 4,273,234	\$ 4,704,313
Excess (deficiency) of revenue over expenses - page 5	<u>359,767</u>	<u>(431,079)</u>
NET ASSETS - END OF YEAR - page 3	<u>\$ 4,633,001</u>	<u>\$ 4,273,234</u>

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. Dollars)

Statement of Operations

Year Ended December 31, 2016

	2016	2015
REVENUE		
Elsevier royalties	\$ 575,795	\$ 495,324
Unrealized investment gain (loss)	379,880	(310,770)
Delegate dues	70,874	69,853
International congress refund	-	608
Investment income (loss) (Note 4)	(124,909)	50,301
	<u>901,640</u>	<u>305,316</u>
EXPENSES		
Scholarships	165,500	255,000
Exco expenses	96,871	94,173
Secretariat	51,387	46,098
Special workshops	50,835	1,640
Editorial stipend CLINPH	40,000	-
External financial advisor	39,333	45,069
AO chapter	25,000	50,000
EU chapter	25,000	25,000
LA chapter	25,000	46,000
NA chapter	25,000	25,000
Legal	12,561	9,690
Visiting professor program	7,990	5,147
Accounting	5,985	6,960
Bank charges and interest	3,698	3,402
Insurance	2,153	2,155
Treasurer's office	2,098	546
Journal subscriptions	1,031	1,991
Editorial support	-	3,808
ECCN 2015	-	6,274
ICCN 2018	-	100,000
Loss (gain) on foreign exchange	(37,569)	8,442
	<u>541,873</u>	<u>736,395</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES - page 4	\$ 359,767	\$ (431,079)

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY*(Expressed in U.S. Dollars)***Statement of Cash Flow****Year Ended December 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses - page 5	\$ 359,767	\$ (431,079)
Item not affecting cash:		
Unrealized investment gain (loss)	<u>(379,880)</u>	310,770
Cash flow used by operating activities	<u>(20,113)</u>	<u>(120,309)</u>
INVESTING ACTIVITY		
Sale (purchase) of investments	<u>72,342</u>	<u>(21,336)</u>
INCREASE (DECREASE) IN CASH FLOW	52,229	(141,645)
Cash - beginning of year	<u>513,703</u>	655,348
CASH - END OF YEAR	\$ 565,932	\$ 513,703
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 437,387	\$ 385,158
Restricted cash	60,000	60,000
Money market fund	<u>68,545</u>	<u>68,545</u>
	\$ 565,932	\$ 513,703

See notes to financial statements

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. Dollars)

Notes to Financial Statements

Year Ended December 31, 2016

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 is incorporated under the Canada Not-for-profit Corporations Act as a not-for-profit organization 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 have been translated at the year end exchange rate of 0.7448 (2015 - 0.7225) U.S. dollars. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average annual rate of exchange during the year of 0.7550 (2015 - 0.7821) U.S. dollars. Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of excess (deficiency) of revenue over expenses.

Revenue Recognition

Investment income is recognized as revenue when earned using the accrual method of accounting.

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 \$497,387 cash (2015 - \$445,158) and \$68,545 money market funds (2015 - \$68,545).

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 as the investments are not expected to be used within the next year.

3. RESTRICTED CASH

The Bank of Montreal is holding \$60,000 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, 2016

4. INVESTMENTS

	<u>2016</u>	<u>2015</u>
Fixed income bonds	\$ 1,797,459	\$ 1,913,977
Equity shares	2,269,610	1,845,554
	<u>\$ 4,067,069</u>	<u>\$ 3,759,531</u>

Bonds have coupon rates from 0.750% to 4.000% (2015 - 0.700% to 6.132%) and varying maturity dates to 2018. 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	\$ 34,439	\$ 50,914
Other income	25,441	25,476
Dividends	24,516	30,159
Realized losses	<u>(209,305)</u>	<u>(56,248)</u>
	<u>\$ (124,909)</u>	<u>\$ 50,301</u>

5. FINANCIAL INSTRUMENTS

All financial instruments are initially recorded at their fair market value. Publically traded equity instruments quoted in an active market are subsequently measured at fair value with any unrealized gains or losses and transaction costs recognized in net excess (deficiency) of revenue over expenses. All other financial instruments are adjusted for any transaction costs incurred on acquisition and are subsequently measured at their amortized cost. Financial instrument impairments and impairment reversals are recognized when incurred in net excess (deficiency) of revenue over expenses.

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 publicly traded fixed income securities issued by large corporations and financial institutions and are 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.

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INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

(Expressed in U.S. Dollars)

Notes to Financial Statements

Year Ended December 31, 2016

5. FINANCIAL INSTRUMENTS *(continued)*

Concentrations of credit risk include:

- All investments are held and managed by one investment broker and the total amount held in cash and broker in-house investments exceeds the Canadian Investor Protection Fund's threshold of up to \$1,000,000. Therefore any financial difficulties encountered by the financial institution or unfavorable investment decisions could adversely affect the collectability and valuation of the deposits.

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 Canadian 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.
