

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

Financial Statements

December 31, 2007

(Expressed in U.S. dollars)

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

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December 31, 2007

(Expressed in U.S. dollars)

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AUDITORS' REPORT

To the Members of the Executive of the
International Federation of Clinical Neurophysiology

We have audited the statement of financial position of International Federation of Clinical Neurophysiology as at December 31, 2007 and the statements of changes in net assets, operations, and cash flow for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2007 and the results of its operations and changes in net assets and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles. 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.

Loewen Kruse

Vancouver, British Columbia
January 10, 2008

Chartered Accountants

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

Statement of Financial Position

December 31, 2007

(Expressed in U.S. dollars)

| | 2007 | 2006 |
|-----------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT | | |
| Cash (<i>Note 4</i>) | \$ 323,529 | \$ 233,034 |
| Temporary investments | <u>2,189,549</u> | <u>1,856,524</u> |
| | <u>\$ 2,513,078</u> | <u>\$ 2,089,558</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accrued liabilities | \$ 7,500 | \$ 5,000 |
| NET ASSETS - page 3 | <u>\$ 2,505,578</u> | <u>\$ 2,084,558</u> |
| | <u>\$ 2,513,078</u> | <u>\$ 2,089,558</u> |

ON BEHALF OF THE BOARD

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

Statement of Changes in Net Assets

Year ended December 31, 2007

(Expressed in U.S. dollars)

| | 2007 | 2006 |
|-----------------------------------------------------------------|----------------------------|----------------------------|
| NET ASSETS - Beginning of year | 2,084,558 | 1,947,178 |
| Adjustment to net assets related to prior year unrealized gains | 179,898 | - |
| ADJUSTED NET ASSETS - Beginning of year | 2,264,456 | 1,947,178 |
| Excess of revenue over expenditures for the year - page 4 | 241,122 | 137,380 |
| NET ASSETS - End of year - page 2 | <u>\$ 2,505,578</u> | <u>\$ 2,084,558</u> |

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

Statement of Operations

Year ended December 31, 2007

(Expressed in U.S. dollars)

| | 2007 | 2006 |
|--------------------------------------------|-------------------|-------------------|
| REVENUE | | |
| Elsevier royalties | \$ 432,488 | \$ 444,532 |
| Investment income | 66,578 | 65,856 |
| Delegate dues | 59,584 | 63,310 |
| International congress refund | 57,395 | - |
| Gain on foreign exchange | 56,385 | 71,778 |
| Unrealized investment gains | 48,460 | - |
| ICNS | - | 64 |
| | 720,890 | 645,540 |
| EXPENDITURES | | |
| ICCN 2010 | 130,000 | 30,000 |
| EU chapter | 60,000 | 40,000 |
| Exco expenses | 54,585 | 78,106 |
| NA Chapter | 50,000 | 10,000 |
| Secretariat | 41,416 | 47,129 |
| Editorial support | 37,900 | 38,375 |
| External financial advisor | 26,666 | 24,634 |
| AO Chapter | 20,000 | - |
| Legal | 15,882 | 4,900 |
| LA chapter | 14,125 | 6,000 |
| Accounting | 9,962 | 6,411 |
| Insurance | 8,863 | 7,650 |
| Journal subscriptions | 7,755 | 8,815 |
| Postage | 1,002 | - |
| Bank charges and interest | 988 | 1,031 |
| WFN | 314 | 274 |
| Treasurer's office | 310 | 707 |
| ICCN 2006 | - | 175,000 |
| ALS Japan | - | 21,915 |
| President's office | - | 5,000 |
| FOIFCN | - | 1,506 |
| ICNS certificates | - | 400 |
| Secretary's office | - | 307 |
| | 479,768 | 508,160 |
| EXCESS OF REVENUE OVER EXPENDITURES | | |
| FOR THE YEAR - page 3 | \$ 241,122 | \$ 137,380 |

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY
Statement of Cash Flow
Year ended December 31, 2007
(Expressed in U.S. dollars)

| | 2007 | 2006 |
|-------------------------------------------------------------|----------------------------|----------------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures for the year | \$ 241,122 | \$ 137,380 |
| Change in net assets related to prior year unrealized gains | <u>179,898</u> | - |
| | 421,020 | 137,380 |
| Changes in non-cash working capital: | | |
| Accrued liabilities | <u>2,500</u> | - |
| Cash flow from operating activities | 423,520 | 137,380 |
| NET INCREASE IN CASH FLOW | 423,520 | 137,380 |
| CASH AND CASH EQUIVALENTS - beginning of year | <u>2,089,558</u> | 1,952,178 |
| CASH AND CASH EQUIVALENTS - end of year | <u>\$ 2,513,078</u> | <u>\$ 2,089,558</u> |
| CASH AND CASH EQUIVALENTS CONSISTS OF: | | |
| Cash | \$ 323,529 | \$ 233,034 |
| Temporary investments | <u>2,189,549</u> | <u>1,856,524</u> |
| | <u>\$ 2,513,078</u> | <u>\$ 2,089,558</u> |

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

Notes to Financial Statements

Year ended December 31, 2007

(Expressed in U.S. dollars)

1. OPERATIONS

International Federation of Clinical Neurophysiology was registered in Marseille, France in 1953 as a not for 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 not for profit organization under the Income Tax Act and as such is exempt from income taxes.

2. 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. 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 rates of exchange during the year. 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 and unrealized investment gains and losses. Unrealized gains and losses on temporary investments held-for-trading are included in investment income and recognized as revenue in the statement of operations.

Royalty and fee revenue are recognized when received.

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. Actual results could differ from these estimates. A significant area requiring the use of management estimates relates to the evaluation of accrued liabilities.

INTERNATIONAL FEDERATION OF CLINICAL NEUROPHYSIOLOGY

Notes to Financial Statements

Year ended December 31, 2007

(Expressed in U.S. dollars)

3. FINANCIAL INSTRUMENTS

The company has adopted the new accounting policy guidelines with respect to Financial Instruments effective January 1, 2007. These new guidelines have been applied on a prospective basis. Any gains or losses associated with measurement from prior years have been reflected as an adjustment to the opening net assets.

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, temporary investments, and accrued liabilities approximates its fair value due to the immediate or short term maturity of these investments.

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 foreign currency exchange risk on cash and temporary investments held in US dollars.

4. RESTRICTED CASH

The Bank of Montreal is withholding \$60,000 as coverage for the organization's Mastercard credit card, as security. This sum will be released when the present Treasurer's term of office ends. This amount is held in an interest-bearing account with the bank.
