



Grant Thornton

Consolidated Financial Statements

Parkinson Society Canada

May 31, 2011

PARKINSON SOCIETY CANADA
2011 Consolidated Financial Statements

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Independent Auditor's Report

To the Directors of
Parkinson Society Canada

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We have audited the accompanying financial statements of the Parkinson Society Canada, which comprise the consolidated balance sheet as at May 31, 2011, and the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many charitable organizations, the Society derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Parkinson Society Canada as at May 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.

Grant Thornton LLP

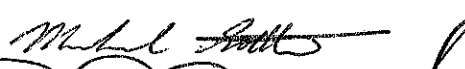

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
November 4, 2011

PARKINSON SOCIETY CANADA
Consolidated Balance Sheet
As at May 31

	2011			2010
	National	Regions	Total	Total
ASSETS				
Current assets				
Cash	\$ 224,855	\$ 480,142	\$ 704,997	\$ 599,915
Investments (note 5)	3,026,076	813,855	3,839,931	4,159,695
Accounts receivable (note 9(c))	693,048	87,431	780,479	372,354
Current portion of loan receivable (note 9(d))	33,334	-	33,334	-
Prepaid expenses	228,632	19,497	248,129	284,238
Due to National from Regions	2,805	(2,805)	-	-
	4,208,750	1,398,120	5,606,870	5,416,202
Loan receivable (note 9(d))	49,999	-	49,999	-
Property and equipment (note 6)	113,418	20,425	133,843	172,902
	\$ 4,372,167	\$ 1,418,545	\$ 5,790,712	\$ 5,589,104
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities (note 9(c))	\$ 533,514	\$ 58,192	\$ 591,706	\$ 687,897
Deferred contributions (note 7)	1,406,393	170,221	1,576,614	1,569,477
	1,939,907	228,413	2,168,320	2,257,374
Net assets				
Unrestricted	2,265,128	1,157,707	3,422,835	3,146,828
Invested in property and equipment	113,418	20,425	133,843	172,902
Internally restricted research stability reserve	53,714	-	53,714	-
Ian Davidson Endowment Fund	-	12,000	12,000	12,000
	2,432,260	1,190,132	3,622,392	3,331,730
	\$ 4,372,167	\$ 1,418,545	\$ 5,790,712	\$ 5,589,104

See accompanying notes

On behalf of the Board:

Director 
 Director 

PARKINSON SOCIETY CANADA
Consolidated Statement of Operations
Year ended May 31

	2011			2010
	National	Regions	Total	Total
Revenue				
Individual giving	\$ 1,709,474	\$ 931,302	\$ 2,640,776	\$ 2,401,879
Events	116,395	2,218,833	2,335,228	2,163,758
Planned giving	610,773	351,085	961,858	1,709,562
Corporate donations	519,933	298,791	818,724	923,343
Other	545,674	221,699	767,373	668,598
	3,502,249	4,021,710	7,523,959	7,867,140
Expenses				
Research, services and education	3,062,331	1,322,346	4,384,677	3,994,951
Fundraising	1,022,283	1,123,254	2,145,537	2,138,536
Operating and administration	672,854	423,546	1,096,400	1,011,742
	4,757,468	2,869,146	7,626,614	7,145,229
Excess (deficiency) of revenue over expenses before Regional Partners support	(1,255,219)	1,152,564	(102,655)	721,911
Support to National from Regions (note 9(a))	1,031,466	(1,031,466)	-	-
Support from Incorporated Regional Partners (note 9(a))	586,579	5,984	592,563	485,734
Support to Incorporated Regional Partners (note 9(b))	(197,514)	(1,732)	(199,246)	(135,073)
	1,420,531	(1,027,214)	393,317	350,661
Excess of revenue over expenses	\$ 165,312	\$ 125,350	\$ 290,662	\$ 1,072,572

See accompanying notes

PARKINSON SOCIETY CANADA
Consolidated Statement of Changes in Net Assets
Year ended May 31

	2011										2010	
	National				Regions						Total	Total
	Unrestricted	Invested in Property and Equipment	Research Stability Reserve	Total	Unrestricted	Invested in Property and Equipment	Ian Davidson Endowment Fund	Total	Total	Total		
Net assets, beginning of year	\$ 2,115,142	\$ 151,806	\$ -	\$ 2,266,948	\$ 1,031,686	\$ 21,096	\$ 12,000	\$ 1,064,782	\$ 3,331,730	\$ 2,262,476		
Excess (deficiency) of revenue over expenses	207,803	(46,205) (a)	3,714	165,312	136,846	(11,496) (a)	-	125,350	290,662	1,072,572		
	2,322,945	105,601	3,714	2,432,260	1,168,532	9,600	12,000	1,190,132	3,622,392	3,335,048		
Interfund transfers (note 5)	(50,000)	-	50,000	-	-	-	-	-	-	-		
Ian Davidson Endowment Fund	-	-	-	-	-	-	-	-	-	(3,318)		
Net investment in property and equipment	(7,817)	7,817 (b)	-	-	(10,825)	10,825 (b)	-	-	-	-		
	(57,817)	7,817	50,000	-	(10,825)	10,825	-	-	-	(3,318)		
Net assets, end of year	\$ 2,265,128	\$ 113,418	\$ 53,714	\$ 2,432,260	\$ 1,157,707	\$ 20,425	\$ 12,000	\$ 1,190,132	\$ 3,622,392	\$ 3,331,730		

See accompanying notes

(a) Amortization and loss on disposal of property and equipment	National	\$ 46,205
	Regions	11,496
		<u>\$ 57,701</u>
(b) Purchase of property and equipment	National	\$ 7,817
	Regions	10,825
		<u>\$ 18,642</u>

PARKINSON SOCIETY CANADA
Consolidated Statement of Cash Flows
Year ended May 31

	2011	2010
Operating activities		
Excess of revenue over expenses	\$ 290,662	\$ 1,072,572
Items not involving cash		
Amortization of property and equipment	56,882	75,242
Loss on disposal of property and equipment	819	21,505
Deferred contributions recognized during the year	(933,469)	(930,215)
Unrealized gain on investments	(19,577)	(9,418)
Ian Davidson Endowment Fund	-	(3,318)
	(604,683)	226,368
Net change in non-cash working capital items		
Accounts receivable	(408,125)	(115,954)
Prepaid expenses	36,109	(69,255)
Accounts payable and accrued liabilities	(96,191)	(51,775)
Deferred contributions received during the year	940,606	822,204
	472,399	585,220
Cash flows from operating activities	(132,284)	811,588
Investing activities		
Purchase of investments	-	(1,735,801)
Proceeds from disposal of investments	339,341	1,049,420
Loan advance	(100,000)	-
Collection of loan receivable payments	16,667	-
Purchase of property and equipment	(18,642)	(34,498)
Cash flows from investing activities	237,366	(720,879)
Net change in cash during the year	105,082	90,709
Cash, beginning of year	599,915	509,206
Cash, end of year	\$ 704,997	\$ 599,915

See accompanying notes

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

1. Introduction

Parkinson Society Canada (the "Society") was incorporated in 1965 under the laws of Canada, without share capital. The Society is the national voice of Canadians living with Parkinson's disease. Through advocacy, education, research and support services, the Society's goal is to ease the burden of Parkinson's and to find a cure. The Society is a registered charity within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income taxes.

2. Basis of presentation and subsequent events

The consolidated financial statements include the accounts of the National ("National Fund") and Regional offices ("Regions Fund") which include:

Southwestern Ontario Region
Central & Northern Ontario Region
Manitoba Region
Newfoundland and Labrador Region

As of June 1, 2011, the Newfoundland and Labrador Region became an Incorporated Regional Partner.

All significant inter-corporate transactions and balances have been eliminated.

The consolidated financial statements do not include the financial activities of the Society's "Incorporated Regional Partners": Parkinson Society British Columbia, Victoria Epilepsy and Parkinson's Centre Society, Parkinson Alberta Society (formerly Parkinson's Society of Alberta and Parkinson Society of Southern Alberta), Parkinson Society Saskatchewan, Parkinson Society Ottawa, Parkinson Society Maritime Region, and Société Parkinson du Québec.

The Society will be changing its fiscal year end from May 31 to December 31. The next fiscal period will be a seven month transition period from June 1 to December 31, 2011. The next twelve month period will be from January 1 to December 31, 2012.

3. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant estimates included in these consolidated financial statements are with respect to the collectability of accounts receivable balances and the amortization rates of property and equipment. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

3. Summary of significant accounting policies - continued

Financial statement presentation

The Society presents its consolidated financial statements and segregates the resources and accounts of the Society between National and Regional offices as follows:

National Fund

The National Fund includes the operating results, net assets invested in property and equipment and internally restricted amounts of the National Office.

The unrestricted fund is charged with expenditures relating to the mission of the Society. These expenditures are financed by individual giving, bequests, grants, as well as other donations and fundraising activities.

Regions Fund

The Regions Fund includes the operating results, net assets invested in property and equipment and endowment fund amounts of the Regions.

Interfund transfers

Transfers between funds are required when resources of one fund have been used to finance activities and acquisitions in another fund.

Financial instruments

The Society's financial instruments are comprised of cash, investments, accounts receivable, loan receivable and accounts payable. Cash, accounts receivable, and accounts payable approximate fair value due to their short-term maturities. The loan receivable is recorded at amortized cost. Investments have been classified as held-for-trading financial instruments and, as such, are measured at fair value with all realized and unrealized gains and losses recognized as revenue or expenses in the period in which they arise.

The Canadian Institute of Chartered Accountants provides a temporary choice for the presentation and disclosure of financial instruments. As such, the Society has decided to continue to apply Section 3861, Financial Instruments Disclosure and Presentation, in place of Section 3862, Financial Instruments Disclosure and 3863, Financial Instruments Presentation.

Property and equipment

Property and equipment, are recorded at cost and, other than leasehold improvements, are amortized over the asset's estimated useful life on a diminishing balance basis at the following rates per annum:

Computer equipment and system software	30%
Office equipment	30%
Communications equipment	20%

Leasehold improvements are amortized on a straight-line basis over the life of the lease.

Artwork

The Society is in receipt of donated artwork which is not reflected in the consolidated financial statements as the fair market value of this donated artwork is not reasonably determinable.

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

3. Summary of significant accounting policies - continued

Revenue recognition

The Society has adopted the deferral method of recognizing externally restricted contributions. Under the deferral method, externally restricted contributions, other than endowments, are recognized as revenue in the year in which the related expenses are incurred. Endowments are recognized as a direct increase to net assets. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Allocation of expenses

The Society allocates staff costs, property expenditures, office expenses and information technology expenses to Research, Services and Education, Fundraising, and Operating and Administration. Allocations are based on the time spent by the employees on each function. The basis of expense allocation is consistent with the prior year.

The details of the allocation are in note 8.

Donations in kind

The Society receives donated materials such as property and equipment and investments. These items are recorded in the consolidated financial statements when the fair market value is reasonably determinable and when the materials would have been purchased if not contributed.

The work of the Society benefits from a substantial number of volunteers who have made significant contributions of their time to the Society and its purpose. Since these services are not normally purchased by the Society and because of the difficulty of determining their fair value, the value of this contributed time is not reflected in these consolidated financial statements.

Deferred contributions

Deferred contributions reported in the National unrestricted and Regions unrestricted funds relate to contributions received in the current period for specific projects and fundraising events that will occur in subsequent periods.

Deferred research contributions represent externally restricted funds received for research and fellowship grant commitments. These funds are deferred until such time as the commitments are paid out or used for the designated purpose.

4. Future accounting changes

The Accounting Standards Board has issued new accounting standards for not-for-profit organizations effective for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted. The Society has not yet determined the impact of the new standards on its consolidated financial statements.

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

5. Investments

	2011			2010
	National	Regions	Total	Total
Unrestricted	\$ 1,906,324	\$ 799,392	\$ 2,705,716	\$ 3,013,987
Restricted	1,119,752	14,463	1,134,215	1,145,708
	<u>\$ 3,026,076</u>	<u>\$ 813,855</u>	<u>\$ 3,839,931</u>	<u>\$ 4,159,695</u>

Investments consist primarily of money market investments, mutual funds, and guaranteed investment certificates with original maturities of three months or more. These investments earn interest at rates up to 7%.

Included in National's restricted investments is \$1,066,038 (2010 - \$1,130,858) from "The Charles Playfair and Dora Burke Playfair Fund for Research" which was established to provide support for social psychological research (note 7).

Included in National's restricted investments is \$53,714 (2010 - \$Nil) comprised of funds internally restricted by the Board. This fund was established to provide a reserve fund for research should donations unexpectedly decline.

Included in the Regions' restricted investments is \$14,463 (2010 - \$14,850) comprised of funds from the "Ian Davidson Endowment Fund" and accumulated interest. This endowment fund was established to provide support for volunteers with Parkinson's who have made significant contributions to the Toronto Chapter.

6. Property and equipment

	2011			2010
	Cost	Accumulated Amortization	Net	Net
Computer equipment and system software	\$ 487,505	\$ 373,396	\$ 114,109	\$ 146,978
Office equipment	64,952	51,675	13,277	16,597
Communications equipment	11,736	5,279	6,457	8,636
Leasehold improvements	4,569	4,569	-	691
	<u>\$ 568,762</u>	<u>\$ 434,919</u>	<u>\$ 133,843</u>	<u>\$ 172,902</u>

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

7. Deferred contributions

	2011			2010
	National	Regions	Total	Total
Deferred contributions				
Balance, beginning of year	\$ 291,812	\$ 146,807	\$ 438,619	\$ 437,238
Additions	686,253	170,223	856,476	740,655
Amount recognized as revenue	(637,712)	(146,807)	(784,519)	(739,274)
Balance, end of year	340,353	170,223	510,576	438,619
Deferred research contributions				
Balance, beginning of year	1,130,858	-	1,130,858	1,240,250
Additions	84,130	-	84,130	81,549
Amount recognized as revenue	(148,950)	-	(148,950)	(190,941)
Balance, end of year	1,066,038	-	1,066,038	1,130,858
Deferred contributions and deferred research contributions, end of year	\$ 1,406,391	\$ 170,223	\$ 1,576,614	\$ 1,569,477

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$1,066,038 (2010 - \$1,130,858). This balance consists of a bequest received and accumulated investment income earned thereon. The bequest required the funds to be used for research. The Board of Directors has further restricted the funds to be used exclusively for social psychological research (note 5).

8. Allocation of expenses

National Fund

	Research, Services and Education	Fundraising	Operating and Administration	Total
Salaries and benefits	\$ 961,397	\$ 387,431	\$ 448,784	\$ 1,797,612
Rent	115,103	36,817	53,140	205,060
Information technology	61,692	20,819	30,029	112,540
Office expenses	28,785	10,027	15,998	54,810
	\$ 1,166,977	\$ 455,094	\$ 547,951	\$ 2,170,022

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

8. Allocation of expenses - continued

Regions Fund

	Research, Services and Education	Fundraising	Operating and Administration	Total
Salaries and benefits	\$ 748,917	\$ 367,643	\$ 172,459	\$ 1,289,019
Rent	91,372	52,090	27,399	170,861
	<u>\$ 840,289</u>	<u>\$ 419,733</u>	<u>\$ 199,858</u>	<u>\$ 1,459,880</u>

During 2011, expenses were allocated based on a survey of the employees of the Society estimating the amount of time they spend on each function. As a result of the survey, National expenses were allocated as follows: 54% to Research, Services and Education (2010 - 49%), 21% to Fundraising (2010 - 25%) and 25% to Operating and Administration (2010 - 26%). As a result of the survey, expenses of the Regions were allocated as follows: 57% to Research, Services and Education (2010 - 57%), 29% to Fundraising (2010 - 28%) and 14% to Operating and Administration (2010 - 15%).

9. National support and related party balances

- (a) During the fiscal year, the Regions contributed \$1,031,466 (2010 - \$865,659) to National. During the fiscal year, the Incorporated Regional Partners contributed \$592,563 (2010 - \$485,734) to the Society.
- (b) During the fiscal year, the Society contributed \$199,246 (2010 - \$135,073) to the Incorporated Regional Partners, representing donations designated for incorporated regions and expenses associated with the annual Superwalk event. During the fiscal year, National contributed \$Nil (2010 - \$178) to the Regions, representing donations designated for the Regions and expenses paid by National on behalf of the Regions.
- (c) Included in accounts receivable of the National Fund is \$409,210 (2010 - \$184,291) in assessment fees determined under the Federation Agreement signed in fiscal 2010, and receivables from the Incorporated Regional Partners related to costs associated with Superwalk.

Included in accounts payable and accrued liabilities of the National Fund is \$32,404 (2010 - \$40,473) in donations collected on behalf of and owing to the Incorporated Regional Partners.

- (d) During the year, \$100,000 was loaned to Société Parkinson du Québec. The loan bears interest at the bank prime rate, matures on October 1, 2013, and requires minimum semi-annual payments of \$16,667.

10. Commitments

As at May 31, 2011, the Society is committed to research and fellowship grants as follows:

June 1, 2011 to December 31, 2011	\$ 556,000
January 1, 2012 to December 31, 2012	943,000
January 1, 2013 to December 31, 2013	313,000
January 1, 2014 to December 31, 2014	15,000

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended May 31, 2011

10. Commitments - continued

The Society is committed to total minimum annual lease payments and operating costs for office premises and office equipment until fiscal 2018 as follows:

June 1, 2011 to December 31, 2011	\$ 282,000
January 1, 2012 to December 31, 2012	476,000
January 1, 2013 to December 31, 2013	443,000
January 1, 2014 to December 31, 2014	413,000
January 1, 2015 to December 31, 2015	405,000
January 1, 2016 to December 31, 2016	402,000
January 1, 2017 to December 31, 2017	402,000
January 1, 2018 to December 31, 2018	168,000

11. Contingencies

The Society has been named a beneficiary of various insurance policies which are not reflected in the financial statements. The timing and amount of these future revenues is not reasonably determinable.

12. Financial instruments

Fair value

The carrying value of cash, investments, accounts receivable, accounts payable and accrued liabilities approximates fair value due to the relatively short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Society. The Society is exposed to fair value fluctuations in its investments.

Credit risk

Credit risk arises from the possibility that accounts receivable may not be collectible. The Society manages this risk through continuous communication with its creditors.

Other risks

Based on the nature of the Society's financial instruments, it is management's opinion that the Society is not exposed to significant interest or currency risks.

13. Capital disclosures

The Society defines its capital as all the components comprising the Society's net assets. The Society's objective in managing its capital is to maintain basic stability and liquidity for the Society's ongoing operations as a viable charitable organization. Policies and investment strategies are managed by the Board of Directors. There are no externally imposed capital restrictions, other than those attached to The Charles Playfair and Dora Burke Playfair Fund for Research and the Ian Davidson Endowment Fund, as described in note 5.