



Grant Thornton

Consolidated Financial Statements

Parkinson Society Canada

December 31, 2012

PARKINSON SOCIETY CANADA
2012 Consolidated Financial Statements

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Independent Auditor's Report

To the Directors of
Parkinson Society Canada

Grant Thornton LLP
Suite 200
41 Valleybrook Drive
Toronto, ON
M3B 2S6
T +1 416 449 9171
F +1 416 449 7401
E NorthToronto@ca.gt.com
www.GrantThornton.ca

We have audited the accompanying consolidated financial statements of Parkinson Society Canada, which comprise the consolidated statement of financial position as at December 31, 2012, 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 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 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 audit opinion.

Basis for qualified opinion

In common with many charitable organizations, Parkinson Society Canada 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 Parkinson Society Canada 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 Parkinson Society Canada as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative information

Without modifying our opinion, we draw attention to Note 4 to the consolidated financial statements which describes that Parkinson Society Canada adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of June 1, 2011 (notes 1 and 4). These standards were applied retrospectively by management to the comparative information in these consolidated financial statements, including the consolidated statements of financial position as at December 31, 2011 and June 1, 2011, and the statement of operations, changes in net assets and cash flows for the year ended December 31, 2011. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 12 to the consolidated financial statements which describes events that occurred subsequent to December 31, 2012. Effective January 1, 2013, the Southwestern Ontario Region became an Incorporated Regional Partner, and its net assets balance will be transferred from Parkinson Society Canada. Effective February 1, 2013, Parkinson Alberta Society withdrew from the national network of Parkinson partners.



Chartered Accountants, Licensed Public Accountants
Toronto, Canada
June 7, 2013

PARKINSON SOCIETY CANADA
Consolidated Statement of Financial Position

	As at December 31, 2012			As at December 31, 2011	As at June 1, 2011
	National	Regions	Total	Total (Unaudited)	Total (Unaudited)
ASSETS					
Current assets					
Cash	\$ 251,286	\$ 275,974	\$ 527,260	\$ 720,227	\$ 590,896
Short-term investments (note 5)	2,335,502	559,230	2,894,732	2,737,478	1,805,076
Accounts receivable (note 6 (a))	625,862	52,918	678,780	542,389	776,631
Current portion of loan receivable (note 6 (b))	33,044	-	33,044	33,729	33,334
Prepaid expenses	69,768	125,148	194,916	54,905	246,358
	3,315,462	1,013,270	4,328,732	4,088,728	3,452,295
Investments (note 5)	1,993,877	170,665	2,164,542	2,061,382	2,034,855
Loan receivable (note 6 (b))	-	-	-	33,333	49,999
Property and equipment (note 7)	104,864	24,774	129,638	144,676	132,882
	\$ 5,414,203	\$ 1,208,709	\$ 6,622,912	\$ 6,328,119	\$ 5,670,031

LIABILITIES AND NET ASSETS

Current liabilities					
Accounts payable and accrued liabilities (note 6 (c))	\$ 477,462	\$ 25,047	\$ 502,509	\$ 616,057	\$ 588,843
Deferred contributions and deferred research contributions (note 8)	1,101,800	44,055	1,145,855	1,517,543	1,566,238
Due from National to Regions	576,755	(576,755)	-	-	-
	2,156,017	(507,653)	1,648,364	2,133,600	2,155,081
Net assets					
Unrestricted	3,095,993	1,679,588	4,775,581	3,983,380	3,316,354
Invested in property and equipment	104,864	24,774	129,638	144,676	132,882
Internally restricted research stability reserve	57,329	-	57,329	54,463	53,714
Ian Davidson Endowment Fund	-	12,000	12,000	12,000	12,000
	3,258,186	1,716,362	4,974,548	4,194,519	3,514,950
	\$ 5,414,203	\$ 1,208,709	\$ 6,622,912	\$ 6,328,119	\$ 5,670,031

Commitments and contingencies (note 10) and subsequent events (note 12)

See accompanying notes

On behalf of the Board:

Director

Director

PARKINSON SOCIETY CANADA
Consolidated Statement of Operations

	Year ended December 31, 2012			7 months ended December 31, 2011 (note 1)
	National	Regions	Total	Total (Unaudited)
Revenue				
Individual giving	\$ 1,886,900	\$ 1,102,513	\$ 2,989,413	\$ 1,685,866
Events	127,500	2,248,960	2,376,460	1,878,341
Planned giving	1,590,817	239,445	1,830,262	703,540
Corporate donations	492,607	197,480	690,087	473,867
Government funding for population health study	368,919	-	368,919	115,058
Investment income (note 5)	66,271	13,202	79,473	32,487
Other	263,745	122,109	385,854	198,124
	<u>4,796,759</u>	<u>3,923,709</u>	<u>8,720,468</u>	<u>5,087,283</u>
Expenses				
Research, services and education	3,613,428	1,334,812	4,948,240	2,595,238
Fundraising	1,093,717	1,184,066	2,277,783	1,381,343
Operating and administration	758,198	388,367	1,146,565	630,427
	<u>5,465,343</u>	<u>2,907,245</u>	<u>8,372,588</u>	<u>4,607,008</u>
Excess (deficiency) of revenue over expenses before Regional Partners support	<u>(668,584)</u>	<u>1,016,464</u>	<u>347,880</u>	<u>480,275</u>
Support to National from Regions (note 6 (d))	747,643	(747,643)	-	-
Support from Incorporated Regional Partners (note 6 (d))	670,766	6,396	677,162	309,665
Support to Incorporated Regional Partners (note 6 (e))	(245,013)	-	(245,013)	(110,371)
	<u>1,173,396</u>	<u>(741,247)</u>	<u>432,149</u>	<u>199,294</u>
Excess of revenue over expenses	<u>\$ 504,812</u>	<u>\$ 275,217</u>	<u>\$ 780,029</u>	<u>\$ 679,569</u>

See accompanying notes

PARKINSON SOCIETY CANADA
 Consolidated Statement of Changes in Net Assets

	National		Regions				Total (Unaudited)	7 months ended December 31, 2011 (note 1)		
	Unrestricted	Invested in Property and Equipment	Internally Restricted Research Stability Reserve	Total	Unrestricted	Invested in Property and Equipment			Ian Davidson Endowment Fund	Total
Net assets, beginning of period (note 4)	\$ 2,592,120	\$ 106,791	\$ 54,463	\$ 2,753,374	\$ 1,391,260	\$ 37,885	\$ 12,000	\$ 4,194,519	\$ 3,514,950	
Excess (deficiency) of revenue over expenses	542,878	(40,932)	2,866	504,812	288,328	(13,111)	-	275,217	780,029	
	3,134,998	65,859	57,329	3,258,186	1,679,588	24,774	12,000	4,974,548	4,194,519	
Net investment in property and equipment	(39,005)	39,005	-	-	-	-	-	-	-	
Net assets, end of period	\$ 3,095,993	\$ 104,864	\$ 57,329	\$ 3,258,186	\$ 1,679,588	\$ 24,774	\$ 12,000	\$ 4,974,548	\$ 4,194,519	

See accompanying notes

PARKINSON SOCIETY CANADA
Consolidated Statement of Cash Flows

	Year ended December 31, 2012	7 months ended December 31, 2011 (note 1) (Unaudited)
Operating activities		
Excess of revenue over expenses	\$ 780,029	\$ 679,569
Items not involving cash		
Amortization of property and equipment	47,941	26,265
Loss on disposal of property and equipment	6,102	2,685
Deferred contributions recognized during the year	(961,321)	(625,676)
Unrealized loss (gain) on investments	(1,154)	21,887
	<u>(128,403)</u>	<u>104,730</u>
Net change in non-cash working capital items		
Accounts receivable	(136,391)	238,090
Prepaid expenses	(140,011)	193,224
Accounts payable and accrued liabilities	(113,548)	24,351
Deferred contributions received during the year	589,633	566,605
	<u>199,683</u>	<u>1,022,270</u>
Cash flows from operating activities	<u>71,280</u>	<u>1,127,000</u>
Investing activities		
Net increase in investments	(259,260)	(980,816)
Collection of loan receivable payments	34,018	16,271
Purchase of property and equipment	(39,005)	(39,783)
Net assets transferred to Parkinson Society Newfoundland and Labrador (note 2)	-	(107,442)
Cash flows from investing activities	<u>(264,247)</u>	<u>(1,111,770)</u>
Net change in cash during the period	(192,967)	15,230
Cash, beginning of period	720,227	704,997
Cash, end of period	<u>\$ 527,260</u>	<u>\$ 720,227</u>

See accompanying notes

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

1. Nature of organization and change in fiscal year end

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 research, advocacy, education, 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.

Effective June 1, 2011, the Society changed its fiscal year end from May 31 to December 31. Accordingly, the comparative figures in the consolidated results of operations and changes in cash flows are for the seven month period from June 1, 2011 to December 31, 2011.

2. Basis of presentation

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

Southwestern Ontario Region
Central & Northern Ontario Region
Manitoba Region

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, which are separate legal entities: Parkinson Society British Columbia, Parkinson Alberta Society, Parkinson Society Saskatchewan, Parkinson Society Ottawa, Parkinson Society Maritime Region, Parkinson Society Newfoundland and Labrador, and Société Parkinson du Quebec.

On June 1, 2011, Parkinson Society Canada - Newfoundland and Labrador Region became an Incorporated Regional Partner. At that date, the net assets of \$107,442 of the region were transferred from the Society to the newly incorporated entity (note 4).

3. Summary of significant accounting policies

The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant of which are outlined below.

Management estimates

The preparation of consolidated financial statements in conformity with ASNPO 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 and loan receivable. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent. Actual results could differ from these estimates.

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:

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

3. Summary of significant accounting policies - continued

National

National includes the unrestricted net assets, net assets invested in property and equipment and internally restricted amounts of the National Office.

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

Regions

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

Interfund transfers

Transfers between National and Regions are required when resources of one have been approved to finance activities and acquisitions in the other.

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 are recorded at fair value with realized and unrealized gains and losses recognized as revenue or expenses in the period in which they arise.

Property and equipment

Property and equipment is recorded at cost and is amortized over the asset's estimated useful life on a declining balance basis at the following rates per annum:

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

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.

Deferred contributions and deferred research contributions

Deferred contributions relate to contributions received 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 or the funds are used for the designated purpose.

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

3. Summary of significant accounting policies - continued

Revenue recognition

The Society uses 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 salaries and benefits, rent, 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 period. The details of the allocation are disclosed in note 9.

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, in the case of property and equipment, when the materials would have been purchased if not contributed. 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.

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.

4. First-time adoption of accounting standards for not-for-profit organizations

These consolidated financial statements are the first for which the Society has applied Canadian accounting standards for not-for-profit organizations ("ASNPO"). Comparative period information was prepared in accordance with ASNPO and the provisions set out in Section 1501 of the CICA Handbook - First-time adoption by not-for-profit organizations.

The date of transition to ASNPO is June 1, 2011, the beginning of the earliest period for which the Society has presented full comparative information under ASNPO.

The Society's transition from Canadian generally accepted accounting principles to ASNPO did not result in any adjustments to the previously reported consolidated statement of financial position or the consolidated statements of operations and cash flows for the seven months ended December 31, 2011, except as noted in the following paragraph.

On June 1, 2011, Parkinson Society Canada - Newfoundland and Labrador Region ("Newfoundland Region") became an Incorporated Regional Partner. At that date, the net assets of the region were transferred from the Society to the newly incorporated entity and, accordingly, are reflected in the balances as reported in these financial statements as at June 1, 2011. Accordingly, the difference in the balances as reported in these consolidated financial statements and the consolidated financial statements as reported on May 31, 2011 (the Society's previous year-end date) represents the transfer of these net assets, as follows:

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

4. First-time adoption of accounting standards for not-for-profit organizations - continued

	Balance reported as at May 31, 2011	Transfer of net assets to Newfoundland Region	Balances reported as at June 1, 2011
Cash	\$ 704,997	\$ (114,101)	\$ 590,896
Accounts receivable	780,479	(3,848)	776,631
Prepaid expenses	248,129	(1,771)	246,358
Property and equipment	133,843	(961)	132,882
Decrease in consolidated assets		<u>\$ (120,681)</u>	
Accounts payable and accrued liabilities	591,706	(2,863)	588,843
Deferred contributions and deferred research contributions	1,576,614	(10,376)	1,566,238
Decrease in consolidated liabilities		<u>\$ (13,239)</u>	
Unrestricted net assets	3,422,835	(106,481)	3,316,354
Invested in property and equipment	133,843	(961)	132,882
Decrease in consolidated net assets		<u>\$ (107,442)</u>	

The statements of financial position as at December 31, 2011 and June 1, 2011, and the statements of operations, changes in net assets and cash flows for the seven months ended December 31, 2011, were audited under the previous accounting framework. They have not been audited under ASNPO and, accordingly, are unaudited.

5. Investments

	December 31, 2012			December 31, 2011	June 1, 2011
	National	Regions	Total	Total (Unaudited)	Total (Unaudited)
Unrestricted	\$ 3,488,731	\$ 714,530	\$ 4,203,261	\$ 3,752,875	\$ 2,705,716
Restricted	840,648	15,365	856,013	1,045,985	1,134,215
	4,329,379	729,895	5,059,274	4,798,860	3,839,931
Less: current portion	2,335,502	559,230	2,894,732	2,737,478	1,805,076
	<u>\$ 1,993,877</u>	<u>\$ 170,665</u>	<u>\$ 2,164,542</u>	<u>\$ 2,061,382</u>	<u>\$ 2,034,855</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 5.1% (December 31, 2011 - 6.8%; June 1, 2011 - 7.0%).

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

5. Investments - continued

Included in National's restricted investments is \$783,319 (December 31, 2011 - \$976,906; June 1, 2011 - \$1,066,038) from "The Charles Playfair and Dora Burke Playfair Fund for Research" which was established to provide support for social psychological research (note 8).

Also included in National's restricted investments is \$57,329 (December 31, 2011 - \$54,463; June 1, 2011 - \$53,714) 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 \$15,365 including accumulated interest (December 31, 2011 - \$14,583; June 1, 2011 - \$14,463) from the "Ian Davidson Endowment Fund". This fund was established to provide support for volunteers with Parkinson's who have made significant contributions to the Toronto Chapter.

Investment income comprises:

	Year ended December 31, 2012			7 months ended December 31, 2011 Total (Unaudited)
	National	Regions	Total	
Unrestricted funds				
Interest income	\$ 17,046	\$ 10,428	\$ 27,474	\$ 20,618
Distributions from mutual funds	44,939	3,040	47,979	33,007
Unrealized capital gains (losses)	1,420	(266)	1,154	(21,887)
	63,405	13,202	76,607	31,738
Restricted funds				
Interest income	2,866	-	2,866	749
Total investment income	\$ 66,271	\$ 13,202	\$ 79,473	\$ 32,487

6. National support and related party balances

- Included in accounts receivable of National is \$181,720 (December 31, 2011 - \$249,657; June 1, 2011 - \$199,246) of assessment fees and receivables related to costs associated with Superwalk and for other services provided by National to the Incorporated Regional Partners. The assessment fees invoiced each year are as determined under the Federation Agreement signed in fiscal 2010.
- At December 31, 2012, there is a loan of \$33,044 (December 31, 2011 - \$67,062; June 1, 2011 - \$83,333) outstanding from 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.
- Included in accounts payable and accrued liabilities of National is \$2,069 (December 31, 2011 - \$6,533; June 1, 2011 - \$21,404) in donations collected on behalf of and owing to the Incorporated Regional Partners.
- During the year, the Regions contributed \$747,643 (2011 - \$748,021) to National. During the year, the Incorporated Regional Partners contributed \$677,162 (2011 - \$309,665) to the Society.

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

6. National support and related party balances - continued

(e) During the year, the Society contributed \$245,013 (2011 - \$110,371) to the Incorporated Regional Partners, representing donations designated for the incorporated regions and expenses associated with the annual Superwalk event.

7. Property and equipment

	December 31, 2012			December 31, 2011	June 1, 2011
	Cost	Accumulated Amortization	Net	(Unaudited) Net	(Unaudited) Net
Computer equipment and system software	\$ 495,195	\$ 400,442	\$ 94,753	\$ 118,006	\$ 114,109
Communications equipment	24,547	2,455	22,092	6,102	6,457
Office equipment	71,328	58,535	12,793	20,568	12,316
	<u>\$ 591,070</u>	<u>\$ 461,432</u>	<u>\$ 129,638</u>	<u>\$ 144,676</u>	<u>\$ 132,882</u>

8. Deferred contributions and deferred research contributions

	December 31, 2012			December 31, 2011
	National	Regions	Total	Total (Unaudited)
Deferred contributions				
Balance, beginning of period	\$ 464,935	\$ 75,702	\$ 540,637	\$ 500,200
Additions	494,165	44,055	538,220	551,737
Amount recognized as revenue	(640,619)	(75,702)	(716,321)	(511,300)
Balance, end of period	<u>318,481</u>	<u>44,055</u>	<u>362,536</u>	<u>540,637</u>
Deferred research contributions				
Balance, beginning of period	976,906	-	976,906	1,066,038
Additions	51,413	-	51,413	14,868
Amount recognized as revenue	(245,000)	-	(245,000)	(104,000)
Balance, end of period	<u>783,319</u>	<u>-</u>	<u>783,319</u>	<u>976,906</u>
Deferred contributions and deferred research contributions, end of period	<u>\$ 1,101,800</u>	<u>\$ 44,055</u>	<u>\$ 1,145,855</u>	<u>\$ 1,517,543</u>

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

8. Deferred contributions and deferred research contributions - continued

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$783,319 (December 31, 2011 - \$976,906; June 1, 2011 - \$1,066,038). This balance consists of a bequest received and accumulated investment income earned thereon. The bequest requires 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).

9. Allocation of expenses

National	Year ended December 31, 2012				7 months ended December 31, 2011
	Research, Services and Education	Fundraising	Operating and Administration	Total	(Unaudited) Total
Salaries and benefits	\$ 1,155,185	\$ 489,063	\$ 593,658	\$ 2,237,906	\$ 1,109,810
Rent	128,423	42,323	69,588	240,334	143,159
Office expenses	33,484	9,837	21,629	64,950	31,607
Information technology	47,233	16,327	26,998	90,558	64,151
	<u>\$ 1,364,325</u>	<u>\$ 557,550</u>	<u>\$ 711,873</u>	<u>\$ 2,633,748</u>	<u>\$ 1,348,727</u>

Regions	Research, Services and Education	Fundraising	Operating and Administration	Total	Total
	Salaries and benefits	\$ 781,953	\$ 407,350	\$ 207,836	\$ 1,397,139
Rent	95,662	51,358	25,815	172,835	102,956
	<u>\$ 877,615</u>	<u>\$ 458,708</u>	<u>\$ 233,651</u>	<u>\$ 1,569,974</u>	<u>\$ 915,293</u>

During 2012, expenses were allocated based on the amount of time spent on each function. National expenses were allocated as follows: 52% to research, services and education (2011 - 52%), 21% to fundraising (2011 - 21%) and 27% to operating and administration (2011 - 27%). Expenses of the Regions were allocated as follows: 56% to research, services and education (2011 - 54%), 29% to fundraising (2011 - 29%) and 15% to operating and administration (2011 - 17%).

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

10. Commitments and contingencies

Commitments

As at December 31, 2012, the Society is committed to research and fellowship grants as follows:

2013	\$ 1,404,000
2014	668,000
2015	55,000

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

2013	\$ 457,000
2014	442,000
2015	423,266
2016	409,000
2017	402,000
2018	167,000

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.

11. Financial instruments

Transactions in financial instruments may result in the Society assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the consolidated financial statements in assessing the extent of risk related to financial instruments.

Credit risk

The Society is exposed to concentration risk in that its cash balances held with financial institutions are in excess of Canadian Deposit Insurance Corporation limits.

The Society is also exposed to credit risk through amounts from counter parties that may not be collectible. The Society manages this risk through regular monitoring of balances and continuous communication with debtors.

Interest rate risk

Interest rate risk is the risk that the fair value (price risk) or future cash flows of a financial instrument will fluctuate because of changes in market interest rates (cash flow risk). The Society is exposed to price risk with respect to investments with fixed interest rates, and cash flow risk with respect to investments and the loan receivable with variable interest rates.

Currency risk

Currency risk is the risk arising from the change in price of one currency against another. The Society's exposure to currency risk is limited due to insignificant cash held in US dollars.

PARKINSON SOCIETY CANADA
Notes to Consolidated Financial Statements
Year ended December 31, 2012

11. Financial instruments - continued

Liquidity risk

The Society's liquidity risk represents the risk that the Society could encounter difficulty in meeting obligations associated with its financial liabilities. The Society is not exposed to significant liquidity risk due to its strong working capital position.

12. Subsequent events

Effective January 1, 2013, the Southwestern Ontario Region became an Incorporated Regional Partner. The net asset balance as at December 31, 2013 of approximately \$631,000 will be transferred by the Society.

Effective February 1, 2013, Parkinson Alberta Society withdrew from the national network of Parkinson partners and, as of that date, is no longer considered an Incorporated Regional Partner. Management has not yet determined the financial effect of this decision.

13. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2012 financial statements.