



Consolidated Financial Statements

Parkinson Society Canada

December 31, 2013

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Independent Auditor's Report

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To the Members of
Parkinson Society Canada

We have audited the accompanying consolidated financial statements of Parkinson Society Canada, which comprise the consolidated statement of financial position as at December 31, 2013, 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 consolidated 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 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.

Independent Auditor's Report (continued)

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, 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 (deficiency) 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, 2013, 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.

Grant Thornton LLP

Markham, Canada
May 2, 2014

Chartered Accountants
Licensed Public Accountants

Parkinson Society Canada

Consolidated Statement of Operations

Year ended December 31

	National	Regions	Total 2013	Total 2012
Revenue				
Individual giving	\$ 1,804,696	\$ 932,314	\$ 2,737,010	\$ 2,989,413
Events	148,441	1,845,435	1,993,876	2,376,460
Planned giving	799,884	161,031	960,915	1,830,262
Corporate donations	494,186	257,985	752,171	690,087
Government funding for population health study	472,888	-	472,888	368,919
Contribution from The Charles Playfair and Dora Burke Playfair Fund (Note 7)	301,825	-	301,825	245,000
Investment income (Note 4)	118,710	9,461	128,171	79,473
Other	34,050	126,002	160,052	140,854
	<u>4,174,680</u>	<u>3,332,228</u>	<u>7,506,908</u>	<u>8,720,468</u>
Expenses				
Research, services and education	4,122,954	976,216	5,099,170	4,948,240
Fundraising	1,143,116	835,289	1,978,405	2,277,783
Operating and administration	757,046	282,026	1,039,072	1,146,565
	<u>6,023,116</u>	<u>2,093,531</u>	<u>8,116,647</u>	<u>8,372,588</u>
Excess (deficiency) of revenue over expenses before Regional Partners support	<u>(1,848,436)</u>	<u>1,238,697</u>	<u>(609,739)</u>	<u>347,880</u>
Support to National from Regions (Note 5 (d))	559,076	(559,076)	-	-
Support from Incorporated Regional Partners (Note 5 (d))	1,084,565	18,913	1,103,478	677,162
Support to Incorporated Regional Partners (Note 5 (e))	<u>(157,673)</u>	<u>-</u>	<u>(157,673)</u>	<u>(245,013)</u>
	<u>1,485,968</u>	<u>(540,163)</u>	<u>945,805</u>	<u>432,149</u>
Excess (deficiency) of revenue over expenses	<u>\$ (362,468)</u>	<u>\$ 698,534</u>	<u>\$ 336,066</u>	<u>\$ 780,029</u>

See accompanying notes to the consolidated financial statements.

Parkinson Society Canada Consolidated Statement of Changes in Net Assets

Year ended December 31

	National		Regions				Total 2013	Total 2012		
	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 year	\$ 3,095,993	\$ 104,864	\$ 57,329	\$ 3,258,186	\$ 1,679,588	\$ 24,774	\$ 12,000	\$ 1,716,362	\$ 4,974,548	\$ 4,194,519
Excess (deficiency) of revenue over expenses	(334,604)	(32,695)	4,831	(362,468)	698,534	-	-	698,534	336,066	780,029
	2,761,389	72,169	62,160	2,895,718	2,378,122	24,774	12,000	2,414,896	5,310,614	4,974,548
Net assets transferred to Parkinson Society Southwestern Ontario (Note 2)	-	-	-	-	(606,667)	(24,774)	-	(631,441)	(631,441)	-
Net investment in property and equipment	(29,561)	29,561	-	-	-	-	-	-	-	-
Net assets, end of year	\$ 2,731,828	\$ 101,730	\$ 62,160	\$ 2,895,718	\$ 1,771,455	\$ -	\$ 12,000	\$ 1,783,455	\$ 4,679,173	\$ 4,974,548

See accompanying notes to the consolidated financial statements.

Parkinson Society Canada

Consolidated Statement of Financial Position

December 31

	National	Regions	Total 2013	Total 2012
Assets				
Current				
Cash	\$ 350,837	\$ 204,092	\$ 554,929	\$ 527,260
Short-term investments (Note 4)	2,008,401	194,364	2,202,765	2,894,732
Accounts receivable (Note 5 (a))	603,469	8,932	612,401	678,780
Loan receivable (Note 5 (b))	-	-	-	33,044
Prepaid expenses	110,076	4,285	114,361	194,916
	3,072,783	411,673	3,484,456	4,328,732
Investments (Note 4)	2,161,907	176,585	2,338,492	2,164,542
Property and equipment (Note 6)	101,730	-	101,730	129,638
	\$ 5,336,420	\$ 588,258	\$ 5,924,678	\$ 6,622,912
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5 (c))	\$ 487,144	\$ 2,754	\$ 489,898	\$ 502,509
Deferred contributions and deferred research contributions (Note 7)	752,900	2,707	755,607	1,145,855
Due from National to Regions	1,200,658	(1,200,658)	-	-
	2,440,702	(1,195,197)	1,245,505	1,648,364
Net assets				
Unrestricted	2,731,828	1,771,455	4,503,283	4,775,581
Invested in property and equipment	101,730	-	101,730	129,638
Internally restricted research stability reserve	62,160	-	62,160	57,329
Ian Davidson Endowment Fund	-	12,000	12,000	12,000
	2,895,718	1,783,455	4,679,173	4,974,548
	\$ 5,336,420	\$ 588,258	\$ 5,924,678	\$ 6,622,912

Commitments and contingencies (Note 9)

On behalf of the Board



Director



Director

See accompanying notes to the consolidated financial statements.

Parkinson Society Canada

Consolidated Statement of Cash Flows

Year ended December 31

2013

2012

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 336,066	\$ 780,029
Items not involving cash		
Amortization of property and equipment	33,688	47,941
Loss (gain) on disposal of property and equipment	(993)	6,102
Deferred contributions recognized during the year (Note 7)	(1,064,323)	(961,321)
Unrealized gain on investments	(64,850)	(1,154)

(760,412) (128,403)

Net change in non-cash working capital items

Accounts receivable	66,379	(136,391)
Prepaid expenses	80,555	(140,011)
Accounts payable and accrued liabilities	(12,611)	(113,548)

134,323 (389,950)

Deferred contributions received during the year (Note 7)

713,130 589,633

87,041 71,280

Investing

Net assets transferred to Parkinson Society Southwestern Ontario	(645,722)	-
Net decrease (increase) in investments	582,867	(259,260)
Loan receivable payments received	33,044	34,018
Purchase of property and equipment	(29,561)	(39,005)

(59,372) (264,247)

Net change in cash during the year

27,669 (192,967)

Cash

Beginning of year 527,260 720,227

End of year \$ 554,929 \$ 527,260

Additional cash flow information:

Property and equipment transferred to Parkinson Society Southwestern Ontario Region (Note 2)	\$ 24,774	-
Deferred contributions transferred to Parkinson Society Southwestern Ontario Region (Note 7)	(39,055)	-

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

1. Nature of organization

Parkinson Society Canada (the "Society") was incorporated in 1965 under the laws of Canada, without share capital. In 2013, the Society completed the transition to the Canada Not-For-Profit Corporations Act. 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

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

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 Society Saskatchewan, Parkinson Society Eastern Ontario (formerly Parkinson Society Ottawa), Parkinson Society Maritime Region, Parkinson Society Newfoundland and Labrador, and Société Parkinson du Quebec.

On January 1, 2013, Parkinson Society Southwestern Ontario ("PSSO") became an incorporated Regional Partner. At that date, the net assets of the region were transferred from the Society to the newly incorporated entity.

On February 1, 2013, Parkinson Alberta Society decided to operate outside the national network of Parkinson partners and, as of that date, was no longer considered a Regional Partner.

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 accordance with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. The most significant estimate relates to the collectability of accounts receivable. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable and prudent. Actual results could differ from these estimates.

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

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

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 of the Regions (Note 2).

Interfund transfers

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

Financial instruments

Initial measurement

The Society's financial instruments are measured at fair value when issued or acquired.

Subsequent measurement

At each reporting date, the Society measures its financial assets and liabilities at fair value or amortized cost (less impairment in the case of financial assets). Investments are recorded and carried at fair value. The financial instruments measured at amortized cost are cash, accounts receivable, loan receivable and accounts payable. For financial assets measured at amortized cost, the Society regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the consolidated statement of operations.

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%

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

3. Summary of significant accounting policies (continued)

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.

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.

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.

Allocation of expenses

The Society allocates salaries and benefits, rent, office expenses and information technology expenses to research, services and education, operating and administration, and fundraising. 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 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, 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.

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

4. Investments

	National	Regions	Total 2013	Total 2012
Unrestricted	\$ 3,560,641	\$ 355,869	\$ 3,916,510	\$ 4,203,261
Restricted	609,667	15,080	624,747	856,013
	4,170,308	370,949	4,541,257	5,059,274
Less: current portion	2,008,401	194,364	2,202,765	2,894,732
	\$ 2,161,907	\$ 176,585	\$ 2,338,492	\$ 2,164,542

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 3.2% (2012 – 5.1%).

Included in National's restricted investments is \$547,506 (2012 - \$783,319) from "The Charles Playfair and Dora Burke Playfair Fund for Research" which was established to provide support for social psychological research (Note 7).

Also included in National's restricted investments is \$62,160 (2012 - \$57,329) 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 \$15,080 including accumulated interest (2012 - \$15,365) 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:

	National	Regions	Total 2013	Total 2012
Unrestricted funds				
Distributions from mutual funds	\$ 36,740	\$ 5,775	\$ 42,515	\$ 47,979
Unrealized capital gains	61,164	3,686	64,850	1,154
Interest income	15,957	-	15,957	27,474
	113,861	9,461	123,322	76,607
Internally restricted funds				
Interest income	4,849	-	4,849	2,866
Total investment income	\$ 118,710	\$ 9,461	\$ 128,171	\$ 79,473

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

5. National support and related party balances

- (a) Included in accounts receivable of National is \$249,964 (2012 - \$181,720) 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.
- (b) At December 31, 2012, there was a loan of \$33,044 outstanding from Société Parkinson du Québec. The loan matured on October 1, 2013.
- (c) Included in accounts payable and accrued liabilities of National is \$42,228 (2012 - \$2,069) in donations collected on behalf of and owing to the Incorporated Regional Partners.
- (d) During the year, the Regions contributed \$559,076 (2012 - \$747,643) to National. During the year, the Incorporated Regional Partners contributed \$1,103,478 (2012 - \$677,162) to the Society.
- (e) During the year, the Society contributed \$157,673 (2012 - \$245,013) to the Incorporated Regional Partners, representing donations designated for the incorporated regions and expenses associated with the annual Superwalk event.

6. Property and equipment

			<u>2013</u>	<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment and system software	\$ 457,289	\$ 381,971	\$ 75,318	\$ 94,753
Communications equipment	24,547	6,873	17,674	22,092
Office equipment	67,558	58,820	8,738	12,793
	<u>\$ 549,394</u>	<u>\$ 447,664</u>	<u>\$ 101,730</u>	<u>\$ 129,638</u>

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

7. Deferred contributions and deferred research contributions

	National	Regions	Total 2013	Total 2012
Deferred contributions				
Balance, beginning of year	\$ 318,481	\$ 44,055	\$ 362,536	\$ 540,637
Transferred to Parkinson Society Southwestern Ontario Region (Note 2)	-	(39,055)	(39,055)	-
Additions	644,410	2,707	647,117	538,220
Amount recognized as revenue	(757,498)	(5,000)	(762,498)	(716,321)
Balance, end of year	205,393	2,707	208,100	362,536
Deferred research contributions				
Balance, beginning of year	783,319	-	783,319	976,906
Additions	66,013	-	66,013	51,413
Amount recognized as revenue	(301,825)	-	(301,825)	(245,000)
Balance, end of year	547,507	-	547,507	783,319
Deferred contributions and deferred research contributions, end of year	\$ 752,900	\$ 2,707	\$ 755,607	\$ 1,145,855

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$547,506 (2012 - \$783,319) (Note 4). 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 4).

8. Allocation of expenses

National

	Research, Services and Education	Fundraising	Operating and Administration	Total 2013	Total 2012
Allocated expenses					
Salaries and benefits	\$1,294,369	\$ 378,976	\$ 542,345	\$2,215,690	\$2,237,906
Rent	230,445	65,448	108,044	403,937	240,334
Office expenses	33,505	8,285	23,195	64,985	64,950
Information technology	45,760	13,181	21,956	80,897	90,558
	1,604,079	465,890	695,540	2,765,509	2,633,748
Direct expenses	2,518,875	677,226	61,506	3,257,607	2,831,595
	\$4,122,954	\$1,143,116	\$ 757,046	\$6,023,116	\$5,465,343

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

8. Allocation of expenses (continued)

Regions

Allocated expenses	Research, Services and Education	Fundraising	Operating and Administration	Total 2013	Total 2012
Salaries and benefits	\$ 588,926	\$ 302,076	\$ 126,881	\$ 1,017,883	\$ 1,397,139
Rent	60,600	37,063	16,716	114,379	172,835
	649,526	339,139	143,597	1,132,262	1,569,974
Direct expenses	326,690	496,150	138,429	961,269	1,337,271
	\$ 976,216	\$ 835,289	\$ 282,026	\$ 2,093,531	\$ 2,907,245

During 2013, expenses were allocated based on the amount of time spent on each function. National expenses were allocated as follows: 58% to research, services and education (2012 - 52%), 17% to fundraising (2012 - 21%), and 25% to operating and administration (2012 - 27%). Expenses of the Regions were allocated as follows: 57% to research, services and education (2012 - 56%), 30% to fundraising (2012 - 29%), and 13% to operating and administration (2012 - 15%).

9. Commitments and contingencies

Commitments

As at December 31, 2013, the Society is committed to research and fellowship grants as follows:

2014	\$ 1,137,000
2015	450,000
2016	30,000

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

2014	\$ 458,000
2015	440,000
2016	425,000
2017	419,000
2018	182,000

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.

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2013

10. 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 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 (cash flow risk) of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to price risk with respect to investments with fixed interest rates, and cash flow risk with respect to investments 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.

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.
