



Consolidated Financial Statements

Parkinson Society Canada

December 31, 2014

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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, 2014, 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, 2014, 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
April 11, 2015

Chartered Accountants
Licensed Public Accountants

Parkinson Society Canada

Consolidated Statement of Operations

Year ended December 31

	National	Regions	Total 2014	Total 2013
Revenue				
Individual giving	\$ 1,988,518	\$ 868,283	\$ 2,856,801	\$ 2,737,010
Events	90,690	1,847,929	1,938,619	1,993,876
Planned giving	1,621,304	85,733	1,707,037	960,915
Corporate donations	601,108	264,993	866,101	752,171
Government funding for population health study	231,539	-	231,539	472,888
Contribution from The Charles Playfair and Dora Burke Playfair Fund (Note 7)	234,000	-	234,000	301,825
Investment income (Note 4)	138,155	20,129	158,284	128,171
Other	20,300	119,212	139,512	160,052
	<u>4,925,614</u>	<u>3,206,279</u>	<u>8,131,893</u>	<u>7,506,908</u>
Expenses (Note 8)				
Research, services and education	3,406,195	958,278	4,364,473	5,099,170
Fundraising	1,214,256	998,624	2,212,880	1,978,405
Operating and administration	818,479	260,301	1,078,780	1,039,072
	<u>5,438,930</u>	<u>2,217,203</u>	<u>7,656,133</u>	<u>8,116,647</u>
Excess (deficiency) of revenue over expenses before Regions and Regional Partners support	<u>(513,316)</u>	<u>989,076</u>	<u>475,760</u>	<u>(609,739)</u>
Support to National from Regions (Note 5 (c))	567,748	(567,748)	-	-
Support from National to Regions (Note 5 (d))	(700)	700	-	-
Support from Incorporated Regional Partners (Note 5 (c))	1,082,558	12,510	1,095,068	1,103,478
Support to Incorporated Regional Partners (Note 5 (d))	<u>(150,547)</u>	<u>-</u>	<u>(150,547)</u>	<u>(157,673)</u>
	<u>1,499,059</u>	<u>(554,538)</u>	<u>944,521</u>	<u>945,805</u>
Excess of revenue over expenses	\$ 985,743	\$ 434,538	\$ 1,420,281	\$ 336,066

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		
	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	\$ 2,731,828	\$ 101,730	\$ 62,160	\$ 2,895,718	\$ 1,771,455	\$ -	\$ 12,000	\$ 1,783,455	\$ 4,679,173	\$ 4,974,548
Excess (deficiency) of revenue over expenses	1,015,009	(33,939)	4,673	985,743	435,390	(852)	-	434,538	1,420,281	336,066
Net investment in property and equipment	(18,605)	18,605	-	-	(3,099)	3,099	-	-	-	-
Net assets transferred to Parkinson Society Southwestern Ontario (Note 2)	-	-	-	-	-	-	-	-	-	(631,441)
Net assets, end of year	<u>\$ 3,728,232</u>	<u>\$ 86,396</u>	<u>\$ 66,833</u>	<u>\$ 3,881,461</u>	<u>\$ 2,203,746</u>	<u>\$ 2,247</u>	<u>\$ 12,000</u>	<u>\$ 2,217,993</u>	<u>\$ 6,099,454</u>	<u>\$ 4,679,173</u>

See accompanying notes to the consolidated financial statements.

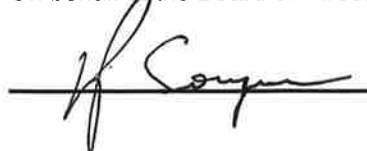
Parkinson Society Canada
Consolidated Statement of Financial Position

December 31

	National	Regions	Total 2014	Total 2013
Assets				
Current				
Cash	\$ 407,243	\$ 167,473	\$ 574,716	\$ 554,929
Short-term investments (Note 4)	3,029,861	203,520	3,233,381	2,202,765
Accounts receivable (Note 5 (a))	563,173	33,572	596,745	612,401
Prepaid expenses	102,640	3,484	106,124	114,361
	4,102,917	408,049	4,510,966	3,484,456
Investments (Note 4)	2,324,394	187,037	2,511,431	2,338,492
Property and equipment (Note 6)	86,396	2,247	88,643	101,730
	\$ 6,513,707	\$ 597,333	\$ 7,111,040	\$ 5,924,678
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5 (b))	\$ 469,448	\$ 1,131	\$ 470,579	\$ 489,898
Deferred contributions and deferred research contributions (Note 7)	537,087	3,920	541,007	755,607
Due from National to Regions	1,625,711	(1,625,711)	-	-
	2,632,246	(1,620,660)	1,011,586	1,245,505
Net assets				
Unrestricted	3,728,232	2,203,746	5,931,978	4,503,283
Invested in property and equipment	86,396	2,247	88,643	101,730
Internally restricted research stability reserve	66,833	-	66,833	62,160
Ian Davidson Endowment Fund	-	12,000	12,000	12,000
	3,881,461	2,217,993	6,099,454	4,679,173
	\$ 6,513,707	\$ 597,333	\$ 7,111,040	\$ 5,924,678

Commitments and contingencies (Note 9)

On behalf of the Board of Directors

 Director

 Director

See accompanying notes to the consolidated financial statements.

Parkinson Society Canada

Consolidated Statement of Cash Flows

Year ended December 31

2014

2013

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 1,420,281	\$ 336,066
Items not involving cash		
Amortization of property and equipment	31,367	33,688
Loss (gain) on disposal of property and equipment	3,424	(993)
Deferred contributions recognized during the year (Note 7)	(321,107)	(1,064,323)
Unrealized gain on investments	(51,868)	(64,850)
	<u>1,082,097</u>	<u>(760,412)</u>

Net change in non-cash working capital items

Accounts receivable	15,656	66,379
Prepaid expenses	8,237	80,555
Accounts payable and accrued liabilities	(19,319)	(12,611)
	<u>4,574</u>	<u>134,323</u>

Deferred contributions received during the year (Note 7)

106,507 713,130

1,193,178 87,041

Investing

Net assets transferred to Parkinson Society Southwestern Ontario (Note 2)	-	(645,722)
Net decrease (increase) in investments	(1,151,687)	582,867
Loan receivable payments received	-	33,044
Purchase of property and equipment	(21,704)	(29,561)
	<u>(1,173,391)</u>	<u>(59,372)</u>

Net change in cash during the year

19,787 27,669

Cash

 Beginning of year 554,929 527,260

 End of year \$ 574,716 \$ 554,929

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, 2014

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 offices ("Regions") 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.

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, 2014

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 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, 2014

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 arms 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, 2014

4. Investments

	National	Regions	Total 2014	Total 2013
Unrestricted	\$ 4,932,765	\$ 376,408	\$ 5,309,173	\$ 3,916,510
Restricted	421,490	14,149	435,639	624,747
	5,354,255	390,557	5,744,812	4,541,257
Less: current portion	3,029,861	203,520	3,233,381	2,202,765
	\$ 2,324,394	\$ 187,037	\$ 2,511,431	\$ 2,338,492

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 4.4% (2013 – 3.2%).

Included in National's restricted investments is \$354,657 (2013 - \$547,506) 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 \$66,833 (2013 - \$62,160) internally restricted by the Board of Directors. This fund was established to provide a reserve fund for research should donations unexpectedly decline.

Included in the Regions' restricted investments is \$14,149 including accumulated interest (2013 - \$15,080) 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 2014	Total 2013
Unrestricted funds				
Distributions from mutual funds	\$ 68,691	\$ 16,143	\$ 84,834	\$ 42,515
Unrealized capital gains	47,882	3,986	51,868	64,850
Interest income	16,909	-	16,909	15,957
	133,482	20,129	153,611	123,322
Internally restricted funds				
Interest income	4,673	-	4,673	4,849
Total investment income	\$ 138,155	\$ 20,129	\$ 158,284	\$ 128,171

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2014

5. National support and related party balances

- (a) Included in accounts receivable of National is \$150,872 (2013 - \$249,964) 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) Included in accounts payable and accrued liabilities of National is \$41,365 (2013 - \$42,228) in donations collected on behalf of and owing to the Incorporated Regional Partners.
- (c) During the year, the Regions contributed \$567,748 (2013 - \$559,076) to National. During the year, the Incorporated Regional Partners contributed \$1,082,558 (2013 - \$1,103,478) to the Society.
- (d) During the year, the Society contributed \$150,547 (2013 - \$157,673) to the Incorporated Regional Partners, representing donations designated for the incorporated regions and expenses associated with the annual Superwalk event. During the year, National contributed \$700 (2013 - \$Nil) to the Regions, representing donations designated to the Regions.

6. Property and equipment

			<u>2014</u>	<u>2013</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and system software	\$ 426,493	\$ 360,352	\$ 66,141	\$ 75,318
Communications equipment	24,547	10,408	14,139	17,674
Office equipment	70,658	62,295	8,363	8,738
	<u>\$ 521,698</u>	<u>\$ 433,055</u>	<u>\$ 88,643</u>	<u>\$ 101,730</u>

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2014

7. Deferred contributions and deferred research contributions

	National	Regions	Total 2014	Total 2013
Deferred contributions				
Balance, beginning of year	\$ 205,393	\$ 2,707	\$ 208,100	\$ 362,536
Transferred to Parkinson Society Southwestern Ontario Region (Note 2)	-	-	-	(39,055)
Additions	61,437	3,920	65,357	647,117
Amount recognized as revenue	(84,400)	(2,707)	(87,107)	(762,498)
Balance, end of year	182,430	3,920	186,350	208,100
Deferred research contributions				
Balance, beginning of year	547,507	-	547,507	783,319
Additions	41,150	-	41,150	66,013
Amount recognized as revenue	(234,000)	-	(234,000)	(301,825)
Balance, end of year	354,657	-	354,657	547,507
Deferred contributions and deferred research contributions, end of year	\$ 537,087	\$ 3,920	\$ 541,007	\$ 755,607

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$354,657 (2013 - \$547,506) (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

Allocated expenses	Research, Services and Education	Fundraising	Operating and Administration	Total 2014	Total 2013
Salaries and benefits	\$1,274,278	\$ 388,984	\$ 630,975	\$2,294,237	\$2,215,690
Rent	122,076	39,482	59,755	221,313	403,937
Office expenses	27,742	9,321	23,906	60,969	64,985
Information technology	32,008	10,430	15,676	58,114	80,897
	1,456,104	448,217	730,312	2,634,633	2,765,509
Direct expenses	1,950,091	766,039	88,167	2,804,297	3,257,607
	\$3,406,195	\$1,214,256	\$ 818,479	\$5,438,930	\$6,023,116

Parkinson Society Canada

Notes to Consolidated Financial Statements

December 31, 2014

8. Allocation of expenses (continued)

Regions

Allocated expenses	Research, Services and Education	Fundraising	Operating and Administration	Total 2014	Total 2013
Salaries and benefits	\$ 601,977	\$ 324,876	\$ 107,709	\$ 1,034,562	\$ 1,017,883
Rent	65,997	42,498	19,161	127,656	114,379
	667,974	367,374	126,870	1,162,218	1,132,262
Direct expenses	290,304	631,250	133,431	1,054,985	961,269
	\$ 958,278	\$ 998,624	\$ 260,301	\$ 2,217,203	\$ 2,093,531

During 2014, expenses were allocated based on the amount of time spent on each function. National expenses were allocated as follows: 55% to research, services and education (2013 - 58%), 17% to fundraising (2013 - 17%), and 28% to operating and administration (2013 - 25%). Expenses of the Regions were allocated as follows: 57% to research, services and education (2013 - 57%), 32% to fundraising (2013 - 30%), and 11% to operating and administration (2013 - 13%).

9. Commitments and contingencies

Commitments

As at December 31, 2014, the Society is committed to research and fellowship grants as follows:

2015	\$ 1,233,000
2016	417,000

The Society is committed to total minimum annual lease payments and operating costs for office premises and office equipment until fiscal 2019 as follows:

2015	\$ 455,000
2016	441,000
2017	434,000
2018	192,000
2019	13,000

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, 2014

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 is exposed to currency risk through investments in pooled funds which are in foreign currencies. Investments in US and international equities at year-end are \$537,319 (2013 - \$476,192).

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.
