



Financial Statements

Parkinson Canada Inc.

December 31, 2017

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Independent Auditor's Report

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To the Members of
Parkinson Canada Inc.

We have audited the accompanying financial statements of Parkinson Canada Inc., which comprise the statement of financial position as at December 31, 2017, and the 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 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, Parkinson Canada Inc. 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 Canada Inc. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at December 31, 2017 and 2016.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of Parkinson Canada Inc. as at December 31, 2017, 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.



Toronto, Canada
May 9, 2018

Chartered Professional Accountants
Licensed Public Accountants

Parkinson Canada Inc.
Statement of Operations

Year ended December 31

2017**2016**

Revenue		
Planned giving	\$ 1,198,062	\$ 3,915,280
Individual giving	3,334,326	3,145,337
Events	3,039,090	2,418,894
Corporate donations	1,311,310	1,566,594
Investment income (Note 3)	378,031	212,945
Contribution from The Charles Playfair and Dora Burke Playfair Fund for Research (Note 5)	34,400	75,248
Other	<u>247,596</u>	<u>208,022</u>
	<u>9,542,815</u>	<u>11,542,320</u>
Expenses (Note 6)		
Research, advocacy, education and support services	5,065,266	4,902,134
Fundraising	3,057,936	2,758,499
Operating and administration	<u>2,125,716</u>	<u>1,926,229</u>
	<u>10,248,918</u>	<u>9,586,862</u>
(Deficiency) excess of revenue over expenses	<u>\$ (706,103)</u>	<u>\$ 1,955,458</u>

See accompanying notes to the financial statements.

Parkinson Canada Inc.
Statement of Changes in Net Assets

Year ended December 31

	Unrestricted	Invested in Property and Equipment	Internally Restricted Research Reserve	Endowment Funds	Total 2017	Total 2016
Net assets, beginning of year	\$ 9,625,243	\$ 103,173	\$ 226,788	\$ 230,000	\$ 10,185,204	\$ 8,229,746
(Deficiency) excess of revenue over expenses	(683,722)	(36,755)	14,374	-	(706,103)	1,955,458
Net investment of property and equipment	(35,985)	35,985	-	-	-	-
Net assets, end of year	\$ 8,905,536	\$ 102,403	\$ 241,162	\$ 230,000	\$ 9,479,101	\$ 10,185,204

See accompanying notes to the financial statements.

Parkinson Canada Inc.
Statement of Financial Position

December 31

2017

2016

Assets

Current

Cash	\$ 457,190	\$ 731,541
Short-term investments (Note 3)	2,929,650	3,885,258
Accounts receivable	502,001	586,921
Prepaid expenses and other assets	<u>152,638</u>	<u>184,111</u>
	4,041,479	5,387,831
Investments (Note 3)	6,262,745	5,880,035
Property and equipment (Note 4)	<u>102,403</u>	<u>103,173</u>
	<u>\$ 10,406,627</u>	<u>\$ 11,371,039</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 697,011	\$ 695,539
Deferred contributions and deferred research contributions (Note 5)	<u>230,515</u>	<u>490,296</u>
	<u>927,526</u>	<u>1,185,835</u>

Net assets

Unrestricted	8,905,536	9,625,243
Invested in property and equipment	102,403	103,173
Internally restricted research reserve	241,162	226,788
Endowment Funds (Note 7)	<u>230,000</u>	<u>230,000</u>
	<u>9,479,101</u>	<u>10,185,204</u>
	<u>\$ 10,406,627</u>	<u>\$ 11,371,039</u>

Commitments and contingencies (Note 8)

On behalf of the Board of Directors


 _____ Director


 _____ Director

Parkinson Canada Inc.

Statement of Cash Flows

Year ended December 31

2017

2016

Increase (decrease) in cash

Operating

(Deficiency) excess of revenue over expenses	\$ (706,103)	\$ 1,955,458
Items not involving cash		
Amortization of property and equipment	33,642	33,796
Loss on disposal of property and equipment	3,113	540
Deferred contributions and deferred research contributions recognized during the year (Note 5)	<u>(297,508)</u>	<u>(75,248)</u>

(966,856) 1,914,546

Net change in non-cash working capital items

Accounts receivable	84,920	59,581
Prepaid expenses and other	31,473	(75,587)
Accounts payable and accrued liabilities	<u>1,472</u>	<u>99,514</u>

117,865 83,508

Deferred contributions and deferred research contributions received during the year (Note 5)

37,727 216,903

Investing

Net increase in investments	572,898	(2,824,276)
Purchase of property and equipment	<u>(35,985)</u>	<u>(40,138)</u>

536,913 (2,864,414)

Decrease in cash during the year

(274,351) (649,457)

Cash

 Beginning of year 731,541 1,380,998

 End of year \$ 457,190 \$ 731,541

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2017

1. Nature of organization

On January 1, 2016, Parkinson Society Canada and its Regional Offices, Parkinson Society Central and Northern Ontario and Parkinson Society Manitoba, amalgamated with Parkinson Society Eastern Ontario and Parkinson Society Saskatchewan to continue as a corporation without share capital under the Canadian Not-for-profit Corporations Act under the name of Parkinson Canada Inc. The Organization is a registered charity within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income taxes.

On January 16, 2016, Parkinson Society Maritime Region joined Parkinson Canada and transferred its net assets of \$88,000 to the new entity. This transfer was reported as a contribution in the December 31, 2016 financial statements.

Parkinson Canada Inc. ("Parkinson Canada" or the "Organization") is the recognized voice and central resource for people living with Parkinson's, their caregivers and health professionals. Parkinson Canada's mission is to transform the lives of people living with Parkinson's through research, advocacy, education and support services.

2. Summary of significant accounting policies

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

Management estimates

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

Financial instruments

Initial measurement

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

Subsequent measurement

At each reporting date, the Organization 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 Organization regularly assesses whether there are any indications of impairment. Any impairment loss is recognized in the statement of operations.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2017

2. Summary of significant accounting policies (continued)

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%

Leasehold improvements are recorded at cost and are amortized over the lease term on a straight line basis.

Artwork

The Organization is in receipt of artwork that was donated to the former Parkinson Society Canada. This donated artwork is not reported in the financial statements as its fair market value is not reasonably determinable.

Revenue recognition

The Organization 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. Endowment contributions 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 Organization allocates salaries and benefits, rent, information technology, and office expenses to research, advocacy, education and support services, fundraising, and operating and administration functions. Allocations are based on the time spent by the employees on each function. The details of the allocation are disclosed in Note 6.

Donations in kind

The Organization receives donated materials such as property and equipment and investments. These items are recorded in the 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.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2017

2. Summary of significant accounting policies (continued)

Donations in kind (continued)

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

3. Investments

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 8,649,061	\$ 9,208,285
Restricted	<u>543,334</u>	<u>557,008</u>
	9,192,395	9,765,293
Less: current portion	<u>2,929,650</u>	<u>3,885,258</u>
	<u>\$ 6,262,745</u>	<u>\$ 5,880,035</u>

Investments consist primarily of money market investments and mutual funds. These investments earn interest at rates up to 4.3% (2016 - 3.7%).

Included in restricted investments are \$100,000 and \$130,000 (2016 - \$100,000 and \$130,000) from endowment funds restricted for operations and research, respectively (Note 7); \$72,172 (2016 - \$100,220) from "The Charles Playfair and Dora Burke Playfair Fund for Research" (Note 5); and \$241,162 (2016 - \$226,788) for the internally restricted reserve to provide a reserve fund for research should donations unexpectedly decline.

Investment income comprises:

	<u>2017</u>	<u>2016</u>
Distributions from mutual funds	\$ 235,013	\$ 106,400
Unrealized capital gains (losses)	115,998	82,037
Interest income	<u>27,020</u>	<u>24,508</u>
Total investment income	<u>\$ 378,031</u>	<u>\$ 212,945</u>

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2017

4. Property and equipment

			<u>2017</u>	<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment and system software	\$ 94,806	\$ 41,227	\$ 53,579	\$ 59,947
Office equipment	38,218	17,199	21,019	31,003
Communications equipment	31,913	6,132	25,781	9,049
Leasehold improvements	<u>3,036</u>	<u>1,012</u>	<u>2,024</u>	<u>3,174</u>
	<u>\$ 167,973</u>	<u>\$ 65,570</u>	<u>\$ 102,403</u>	<u>\$ 103,173</u>

5. Deferred contributions and deferred research contributions

	<u>2017</u>	<u>2016</u>
Deferred contributions		
Balance, beginning of year	\$ 249,478	\$ 110,765
Contributions received	31,374	138,713
Amount recognized as revenue	<u>(122,509)</u>	<u>-</u>
Balance, end of year	<u>\$ 158,343</u>	<u>\$ 249,478</u>
Deferred research contributions		
Balance, beginning of year	\$ 240,818	\$ 237,876
Contributions received	6,353	78,190
Amount recognized as revenue	<u>(174,999)</u>	<u>(75,248)</u>
Balance, end of year	<u>72,172</u>	<u>240,818</u>
Deferred contributions and deferred research contributions, end of year	<u>\$ 230,515</u>	<u>\$ 490,296</u>

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$72,172 (2016 - \$100,220). 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 3). During the year, \$34,400 (2016 - \$75,248) was recognized as revenue to match funds spent during the year.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2017

6. Allocation of expenses

Allocated expenses	Research, advocacy, education and support services	Fundraising	Operating and administration	Total 2017	Total 2016
Salaries and benefits	\$ 2,743,515	\$ 1,075,873	\$ 1,314,091	\$ 5,133,479	\$ 4,452,428
Rent	253,514	105,957	125,438	484,909	473,163
Information technology	104,519	44,113	55,718	204,350	208,792
Office expenses	41,374	13,167	67,289	121,830	140,030
	3,142,922	1,239,110	1,562,536	5,944,568	5,274,413
Direct expenses	1,922,344	1,818,826	563,180	4,304,350	4,312,449
	<u>\$ 5,065,266</u>	<u>\$ 3,057,936</u>	<u>\$ 2,125,716</u>	<u>\$ 10,248,918</u>	<u>\$ 9,586,862</u>

During 2017, expenses were allocated based on the amount of time spent on each function. Expenses were allocated as follows: 53% (2016 - 55%) to research, advocacy, education and support services, 21% (2016 - 19%) to fundraising, and 26% (2016 - 26%) to operating and administration.

7. Endowment Funds

Operations

Operating endowment funds represent a \$100,000 (2016 - \$100,000) donation from the late Dr. MacLachlan to the former Parkinson Society Eastern Ontario. This amount is subject to externally imposed restrictions stipulating that the resources be maintained permanently. The investment of these funds is restricted to specified interest bearing securities. The income paid to the Organization on a regular basis is to be used for general operations.

Research

Research endowment funds represent donations of \$80,000 (2016 - \$80,000) from the late Dr. MacLachlan and \$50,000 (2016 - \$50,000) from The Research Capital Campaign of 1982/1983, both received by the former Parkinson Society Eastern Ontario. The funds are subject to externally imposed restrictions stipulating that the resources be maintained permanently. The investment of these funds is restricted to specified interest bearing securities. The income paid to the Organization on a regular basis is to be used for research purposes related to the treatment and cure of Parkinson's disease.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2017

8. Commitments and contingencies

Commitments

As at December 31, 2017, the Organization is committed to research and fellowship grants as follows:

2018	\$	961,944
2019		316,333
2020		10,861

The Organization is committed to total minimum annual lease payments and operating costs for office premises and office equipment as follows:

2018	\$	668,073
2019		699,528
2020		663,701
2021		633,345
2022		612,785
After 2022		3,255,599

Contingencies - insurance policies

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

9. Financial instruments

Transactions in financial instruments may result in the Organization 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 financial statements in assessing the extent of risk related to financial instruments.

Credit risk

The Organization is exposed to credit risk through amounts from counter parties that may not be collectible. The Organization 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 Organization 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.

Parkinson Canada Inc.
Notes to the Financial Statements

December 31, 2017

9. Financial instruments (continued)**Currency risk**

Currency risk is the risk arising from the change in price of one currency against another. The Organization 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 \$1,294,798 (2016 - \$1,121,535).

Liquidity risk

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

10. Comparative figures

Comparative figures have been reclassified to conform with the presentation of the 2017 financial statements.