



Financial Statements

Parkinson Canada Inc.

December 31, 2021

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 15

Independent Auditor's Report

Grant Thornton LLP

11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

To the members of
Parkinson Canada Inc.

Qualified opinion

We have audited the financial statements of Parkinson Canada Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Parkinson Canada Inc. as at December 31, 2021, 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.

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 years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at December 31, 2021 and 2020. Our opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2020 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Toronto, Canada
May 4, 2022

Chartered Professional Accountants
Licensed Public Accountants

Parkinson Canada Inc.

Statement of Operations

Year ended December 31

2021

2020
(restated –
see Note 3)

Revenue		
Planned giving	\$ 1,314,439	\$ 989,058
Individual giving	6,073,708	4,100,023
Events	2,259,856	1,927,535
Corporate and Foundation donations	1,576,482	1,182,726
Investment income (Note 4)	650,330	513,778
Other (Note 12)	442,673	1,107,958
	<u>12,317,488</u>	<u>9,821,078</u>
Expenses (Note 7)		
Research, advocacy, education and support services	4,584,133	4,543,760
Philanthropy	2,734,093	2,858,005
Operating and administration	1,757,682	2,180,568
	<u>9,075,908</u>	<u>9,582,333</u>
Excess of revenue over expenses	<u>\$ 3,241,580</u>	<u>\$ 238,745</u>

Parkinson Canada Inc. Statement of Changes in Net Assets

Year ended December 31

	Unrestricted	Invested in Property and Equipment	Internally restricted			Endowment Funds	Total 2021	Total 2020 (restated- see Note 3)
			Research Reserve	Operating Reserve	Canadian Open Parkinson Network Reserve			
Net assets, beginning of year	\$ 3,307,428	\$ 672,715	\$ 687,000	\$ 5,056,318	\$ 498,000	\$ 230,000	\$ 10,451,461	\$ 11,321,632
Prior period adjustment (Note 3)	-	-	-	-	-	-	-	(1,108,916)
Net assets, beginning of year, as restated	3,307,428	672,715	687,000	5,056,318	498,000	230,000	10,451,461	10,212,716
Excess (deficiency) of revenue over expenses	3,357,021	(115,441)	-	-	-	-	3,241,580	238,745
Net investment in property and equipment	(81,350)	81,350	-	-	-	-	-	-
Interfund transfers (Note 8)	222,500	-	25,500	-	(248,000)	-	-	-
Net assets, end of year	<u>\$ 6,805,599</u>	<u>\$ 638,624</u>	<u>\$ 712,500</u>	<u>\$ 5,056,318</u>	<u>\$ 250,000</u>	<u>\$ 230,000</u>	<u>\$ 13,693,041</u>	<u>\$ 10,451,461</u>

See accompanying notes to the financial statements.

Parkinson Canada Inc.

Statement of Financial Position

December 31

2021

2020
(restated-
see Note 3)

Assets

Current

Cash	\$ 549,375	\$ 418,046
Short-term investments (Note 4)	5,185,661	3,133,416
Accounts receivable	1,004,978	963,758
Prepaid expenses and other assets	<u>253,833</u>	<u>253,884</u>
	6,993,847	4,769,104
Investments (Note 4)	8,128,037	7,477,892
Long-term accounts receivable	107,500	50,000
Property and equipment (Note 5)	<u>638,624</u>	<u>672,715</u>
	<u>\$ 15,868,008</u>	<u>\$ 12,969,711</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 602,463	\$ 394,021
Current portion of research grants payable	812,576	1,177,624
Deferred revenue (Note 6)	<u>106,188</u>	<u>233,914</u>
	1,521,227	1,805,559
Research grants payable	290,000	312,576
Deferred revenue (Note 6)	<u>363,740</u>	<u>400,115</u>
	<u>2,174,967</u>	<u>2,518,250</u>

Net assets

Unrestricted	6,805,599	3,307,428
Operating Reserve	5,056,318	5,056,318
Canadian Open Parkinson Network Reserve	250,000	498,000
Research Reserve	712,500	687,000
Invested in property and equipment	638,624	672,715
Endowment Funds (Note 9)	<u>230,000</u>	<u>230,000</u>
	<u>13,693,041</u>	<u>10,451,461</u>
	<u>\$ 15,868,008</u>	<u>\$ 12,969,711</u>

Commitments and contingencies (Note 10)

On behalf of the Board of Directors



Director



Director

Parkinson Canada Inc.

Statement of Cash Flows

Year ended December 31

2021

2020
(restated-
see Note 3)

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 3,241,580	\$ 238,745
Items not involving cash		
Amortization of property and equipment	80,947	89,207
Loss on disposal of property and equipment	34,494	-
Amortization of lease benefit (Note 6)	(36,375)	(36,375)
Deferred contributions and deferred research contributions recognized during the year (Note 6)	<u>(127,726)</u>	<u>(41,925)</u>
	<u>3,192,920</u>	<u>249,652</u>

Net change in non-cash working capital items

Accounts receivable	(98,720)	45,516
Prepaid expenses and other	51	11,624
Research grants payable	(387,624)	87,692
Accounts payable and accrued liabilities	<u>208,442</u>	<u>(462,379)</u>
	<u>(277,851)</u>	<u>(317,547)</u>

Deferred contributions and deferred research contributions
received during the year (Note 6)

<u>-</u>	<u>14,317</u>
----------	---------------

Investing

Net purchase of investments	(2,702,390)	(25,618)
Purchase of property and equipment	<u>(81,350)</u>	<u>(5,589)</u>
	<u>(2,783,740)</u>	<u>(31,207)</u>

Increase (decrease) in cash during the year

131,329	(84,785)
----------------	----------

Cash

Beginning of year	<u>418,046</u>	<u>502,831</u>
End of year	<u>\$ 549,375</u>	<u>\$ 418,046</u>

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

1. Nature of organization

Parkinson Canada Inc. 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. The Organization is a registered charity within the meaning of the Income Tax Act (Canada) and accordingly is exempt from income taxes.

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, accounts payable and research grants 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.

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.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

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.

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Net assets

Net assets are comprised of the following

Unrestricted net assets

Unrestricted net assets represents the net resources of the Organization that are not otherwise restricted.

Internally restricted net assets

During the 2018 fiscal year, the Board of Directors approved the implementation of a Reserve Policy. The purpose of the Reserve Policy is to ensure financial stability for mission, programs, employment, and ongoing operations of Parkinson Canada in the event of a sudden or unexpected negative change in revenue that would affect the provision of services for people living with Parkinson's. These reserves can only be used for the purposes specified by the Board of Directors. Contingent on Board approval, the Organization may encroach on all or any part of the funds for the general use of the Organization.

Operating Reserve

The Operating Reserve is an internally restricted fund established as a reserve to maintain ongoing operations and programs for a pre-set period of time. The reserve can be adjusted in response to internal and external changes as approved by the Board of Directors. As a dynamic fund, its value fluctuates from year to year, depending on available funds.

Research Reserve

The Research Reserve is an internally restricted fund established by the Board to guarantee the continuance and growth of the research program. The minimum amount to be designated as Research Reserve will be established in an amount sufficient to guarantee payment of research grants for a pre-set period of time.

Canadian Open Parkinson Network (C-OPN) Reserve

The C-OPN Reserve is an internally restricted fund established by the Organization to commit \$1,000,000 to establish a Canadian Open Parkinson Registry Network (C-OPN). The Canadian Open Parkinson Registry Network is recognized as an effective tool by those who use it. The purpose of the reserve is to guarantee funding of the C-OPN. The minimum amount to be designated as the C-OPN Reserve must equal to 100% of the commitment that has not been funded yet.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Net assets (continued)

Invested in property and equipment

Net assets invested in property and equipment represent the net book value of property and equipment less any indebtedness thereon.

Endowment Fund

Endowment funds represent funds received which are externally restricted, where the principal cannot be spent.

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.

Government assistance received related to current expense are recognized in the statement of operations. When government subsidies relate to future expense, the Organization defers the assistance and recognizes it in the statement of operations as the related expenses are incurred.

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.

Deferred lease benefit

The Toronto premises lease was renewed in 2018 and lease benefits received from the landlord have been deferred and are being amortized to income in the statement of operations in equal annual amounts over the lease term.

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 7.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

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.

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. Prior period adjustment

The Organization has determined that the research grant commitments are an obligation of the Organization at the time that the research grant agreement is signed and the liability and expense should be recorded at that time. Historically, research grants have been recorded and expensed based on the timing of scheduled payments. Similarly, it was determined that the research contracts to fund specific grants are an asset. Historically, research contracts to fund specific grants have been recorded as revenue based on the timing of scheduled collection. As a result, the balances for the year ended December 31, 2020 have been restated. The details of the adjustments and their effect on the balances for the year ended December 31, 2020 are outlined below:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>Restated</u>
Statement of operations			
Corporate and Foundation donations	\$ 1,173,694	\$ 9,032	\$ 1,182,726
Research, advocacy, education and support			
Services expense	4,458,068	85,692	4,543,760
Excess of revenue over expenses	315,405	(76,660)	238,745
Statement of changes in net assets			
Net assets, beginning of year	11,321,632	(1,108,916)	10,212,716
Statement of financial position			
Accounts receivable	709,134	254,624	963,758
Long-term accounts receivable	-	50,000	50,000
Current portion of research grants payable	-	1,177,624	1,177,624
Research grants payable	-	312,576	312,576
Net assets	11,637,037	(1,185,576)	10,451,461
Statement of cash flows			
Excess of revenue over expenses	315,405	(76,660)	238,745
Change in accounts receivable	56,548	(11,032)	45,516
Change in research grants payable	-	87,692	87,692

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

4. Investments

	<u>2021</u>	<u>2020</u>
Unrestricted	\$ 7,064,880	\$ 4,053,815
Internally restricted	6,018,818	6,241,318
Externally restricted	<u>230,000</u>	<u>316,175</u>
	13,313,698	10,611,308
Less: current portion	<u>5,185,661</u>	<u>3,133,416</u>
	<u>\$ 8,128,037</u>	<u>\$ 7,477,892</u>

Investments consist primarily of money market investments and mutual funds. These investments earn interest at rates up to 3.8% (2020 – 2.6%).

Included in externally restricted investments are \$100,000 and \$130,000 (2020 - \$100,000 and \$130,000) from endowment funds restricted for operations and research, respectively (Note 9); and \$Nil (2020 - \$86,175) from “The Charles Playfair and Dora Burke Playfair Fund for Research” (Note 6).

Included in internally restricted investments is \$712,500 (2020 - \$687,000) for the research reserve, \$250,000 (2020 - \$498,000) for the C-OPN reserve, and \$5,056,318 (2020 - \$5,056,318) for the operating reserve.

Investment income comprises:

	<u>2021</u>	<u>2020</u>
Distributions from mutual funds	\$ 290,168	\$ 177,349
Unrealized capital gains	353,680	321,373
Interest income	<u>6,482</u>	<u>15,056</u>
Total investment income	<u>\$ 650,330</u>	<u>\$ 513,778</u>

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

5. Property and equipment

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment and system software	\$ 230,759	\$ 115,788	\$ 114,971	\$ 86,037
Office equipment	33,105	28,660	4,445	7,070
Communications equipment	-	-	-	13,200
Leasehold improvements	<u>663,847</u>	<u>144,639</u>	<u>519,208</u>	<u>566,408</u>
	<u>\$ 927,711</u>	<u>\$ 289,087</u>	<u>\$ 638,624</u>	<u>\$ 672,715</u>

6. Deferred revenue

	<u>2021</u>	<u>2020</u>
Deferred contributions		
Balance, beginning of year	\$ 111,364	\$ 144,798
Contributions received	-	8,491
Amount recognized as revenue	<u>(41,551)</u>	<u>(41,925)</u>
Balance, end of year	<u>69,813</u>	<u>111,364</u>
Deferred research contributions		
Balance, beginning of year	86,175	80,349
Contributions received	-	5,826
Amount recognized as revenue	<u>(86,175)</u>	<u>-</u>
Balance, end of year	<u>-</u>	<u>86,175</u>
Deferred lease benefit		
Balance, beginning of year	436,490	472,865
Amount recognized as revenue	<u>(36,375)</u>	<u>(36,375)</u>
Balance, end of year	<u>400,115</u>	<u>436,490</u>
Total deferred revenues, end of year	<u>469,928</u>	<u>634,029</u>
Less: Long-term portion of deferred lease benefit	<u>(363,740)</u>	<u>(400,115)</u>
Current deferred revenue, end of year	<u>\$ 106,188</u>	<u>\$ 233,914</u>

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$Nil (2020 - \$86,175). 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). During the year, \$86,175 (2020 - \$Nil) was recognized as revenue to match funds spent during the year. The fund was fully depleted during the year.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2021

7. Allocation of expenses

Allocated expenses	Research, advocacy, education and support services	Philanthropy	Operating and administration	Total 2021	Total 2020
Salaries and benefits	\$ 2,260,089	\$ 884,060	\$ 1,065,420	\$ 4,209,569	\$ 4,962,012
Rent	293,571	111,194	118,255	523,020	594,152
Information technology	146,893	55,638	59,171	261,702	157,063
Office expenses	<u>40,535</u>	<u>14,805</u>	<u>20,393</u>	<u>75,733</u>	<u>74,388</u>
	2,741,088	1,065,697	1,263,239	5,070,024	5,787,615
Direct expenses	<u>1,843,045</u>	<u>1,668,396</u>	<u>494,443</u>	<u>4,005,884</u>	<u>3,709,026</u>
	<u>\$ 4,584,133</u>	<u>\$ 2,734,093</u>	<u>\$ 1,757,682</u>	<u>\$ 9,075,908</u>	<u>\$ 9,496,641</u>

During 2021, expenses were allocated based on the amount of time spent on each function. Expenses were allocated as follows: 54% (2020 - 47%) to research, advocacy, education and support services, 21% (2020 - 25%) to philanthropy, and 25% (2020 - 28%) to operating and administration.

8. Interfund transfers

During the year, Organization paid \$498,000 to the Canadian Open Parkinson Registry Network. As a result, the Organization transferred \$248,000 (2020 - \$332,000) from the internally restricted Canadian Open Parkinson Network reserve to the unrestricted fund and the Canadian Open Parkinson Network reserve was reduced to \$250,000 to reflect the current commitment to fund the Network.

During the year, the Board approved the transfer of \$25,500 (2020 - \$22,000) to the Research Reserve.

9. Endowment Funds

Operations

Operating endowment funds represent a \$100,000 (2020 - \$100,000) donation from the late Dr. Lorne 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 (2020 - \$80,000) from the late Dr. Lorne MacLachlan and \$50,000 (2020 - \$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, 2021

10. Commitments and contingencies

Commitments

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

2022	\$ 670,965
2023	617,005
2024	591,344
2025	571,696
2026	501,626
Thereafter	<u>3,666,415</u>
	<u>\$6,619,051</u>

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.

11. 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, 2021

11. 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 \$2,094,966 (2020 - \$1,810,940).

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.

12. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In April 2020, the Organization adjusted its operations in order to limit the exposure of the virus. As at the audit report date, the Organization continues to operate and fund projects. The Organization anticipates that available liquid assets and ongoing cost mitigation efforts will provide the necessary support to sustain the Organization. Additionally, the Organization has received government wage and rent subsidies in order to minimize the financial impact of the pandemic. Wage subsidies of \$320,480 (2020 - \$971,316) and rent subsidies of \$65,330 (2020 - \$31,754) have been recognized in the statement of revenues and expenditures as part of other revenues.