



Financial Statements

Parkinson Canada Inc.

December 31, 2023

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Independent Auditor's Report

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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, 2023, 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, 2023, 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, the Organization 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 the Organization. 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both 2023 and 2022 years. Our opinion on the financial statements for the year ended December 31, 2022 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.

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.

Grant Thornton LLP

Markham, Canada
May 17, 2024

Chartered Professional Accountants
Licensed Public Accountants

Parkinson Canada Inc.
Statement of Operations

Year ended December 31

2023**2022**

Revenue		
Individual giving	\$ 5,848,254	\$ 4,942,018
Events	2,597,204	2,113,736
Planned giving	1,971,091	3,861,651
Corporate and Foundation donations	1,805,356	1,810,358
Investment income (loss) (Note 3)	886,831	(476,464)
Other	40,821	32,513
	<u>13,149,557</u>	<u>12,283,812</u>
Expenses (Note 6)		
Research, advocacy, education and support services	6,726,940	5,594,291
Philanthropy	3,329,810	3,098,755
Operating and administration	1,984,997	2,088,744
	<u>12,041,747</u>	<u>10,781,790</u>
Excess of revenue over expenses	<u>\$ 1,107,810</u>	<u>\$ 1,502,022</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 2023	Total 2022
			Research Reserve	Operating Reserve	Canadian Open Parkinson Network Reserve			
Net assets, beginning of year	\$ 8,583,402	\$ 612,843	\$ 712,500	\$ 5,056,318	\$ -	\$ 230,000	\$15,195,063	\$ 13,693,041
Excess of revenue over expenses	1,200,390	(92,580)	-	-	-	-	1,107,810	1,502,022
Net investment in property and equipment	(20,860)	20,860	-	-	-	-	-	-
Interfund transfers (Note 7)	(250,000)	-	-	-	250,000	-	-	-
Net assets, end of year	<u>\$ 9,512,932</u>	<u>\$ 541,123</u>	<u>\$ 712,500</u>	<u>\$ 5,056,318</u>	<u>\$ 250,000</u>	<u>\$ 230,000</u>	<u>\$ 16,302,873</u>	<u>\$ 15,195,063</u>

See accompanying notes to the financial statements.

Parkinson Canada Inc.

Statement of Financial Position

December 31

2023

2022

Assets

Current

Cash	\$ 1,876,159	\$ 1,316,947
Short-term investments (Note 3)	7,782,756	6,710,447
Accounts receivable	1,142,180	1,165,095
Prepaid expenses and other assets	<u>182,823</u>	<u>206,974</u>
	10,983,918	9,399,463
Investments (Note 3)	8,052,275	7,549,803
Property and equipment (Note 4)	<u>541,123</u>	<u>612,843</u>
	<u>\$ 19,577,316</u>	<u>\$ 17,562,109</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 692,910	\$ 638,412
Current portion of research grants payable	1,357,645	1,006,331
Deferred revenue (Note 5)	<u>681,185</u>	<u>106,185</u>
	2,731,740	1,750,928
Research grants payable	251,711	288,750
Deferred contributions (Note 5)	<u>290,992</u>	<u>327,368</u>
	<u>3,274,443</u>	<u>2,367,046</u>

Net assets

Unrestricted	9,512,932	8,583,402
Operating Reserve	5,056,318	5,056,318
Canadian Open Parkinson Network Reserve	250,000	-
Research Reserve	712,500	712,500
Invested in property and equipment (Note 4)	541,123	612,843
Endowment Funds (Note 8)	<u>230,000</u>	<u>230,000</u>
	<u>16,302,873</u>	<u>15,195,063</u>
	<u>\$ 19,577,316</u>	<u>\$ 17,562,109</u>

Commitments and contingencies (Note 9)

On behalf of the Board of Directors



Director



Director

Parkinson Canada Inc.

Statement of Cash Flows

Year ended December 31

2023

2022

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 1,107,810	\$ 1,502,022
Items not involving cash		
Amortization of property and equipment	92,580	92,893
Loss on disposal of property and equipment	-	1,329
Amortization of lease benefit (Note 5)	(36,376)	(36,375)
Unrealized change in fair value of investments	(370,107)	911,562
Contributions and research contributions received and deferred during the year (Note 5)	575,000	-
	<u>1,368,907</u>	<u>2,471,431</u>

Net change in non-cash working capital items

Accounts receivable	22,915	(52,617)
Prepaid expenses and other	24,151	46,859
Research grants payable	314,275	192,505
Accounts payable and accrued liabilities	54,498	35,949
	<u>415,839</u>	<u>222,696</u>

Investing

Net purchase of investments	(1,204,674)	(1,858,114)
Purchase of property and equipment	(20,860)	(68,441)
	<u>(1,595,641)</u>	<u>(1,926,555)</u>

Increase in cash during the year

559,212 767,572

Cash

Beginning of year	<u>1,316,947</u>	<u>549,375</u>
End of year	<u>\$ 1,876,159</u>	<u>\$ 1,316,947</u>

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2023

1. Nature of organization

At Parkinson Canada Inc. (the “Organization”), people with Parkinson’s are at the centre of everything they do. They strive to inspire and empower people living with Parkinson’s to thrive through tailored programs, innovative research and raising the voice of Canadians impacted by Parkinson’s through their advocacy efforts. 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.

Revenue recognition

The Organization uses the deferral method of accounting for 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.

Investment income, which consists of interest, dividends, realized and unrealized gains and losses, is recorded as investment income in the statement of operations, except to the extent it is externally restricted, in which case, in accordance with the restrictions, it may be recorded in the statement of operations, added to or deducted from the related deferred contributions balance or the related endowment balance.

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.

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.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

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 accrued liabilities, 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%
Office equipment	30%

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

Impairment of property and equipment

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. 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.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies (continued)

Net assets (continued)

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 Board of Directors to commit \$1,250,000 to establish a Canadian Open Parkinson Registry Network (C-OPN) (Note 7). 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.

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 and represents the investment the organization has made into its property and equipment.

Endowment Fund

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

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 6.

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2023

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. Investments

	<u>2023</u>	<u>2022</u>
Unrestricted	\$ 9,586,213	\$ 8,261,432
Internally restricted	6,018,818	5,768,818
Endowment funds	<u>230,000</u>	<u>230,000</u>
	15,835,031	14,260,250
Less: current portion	<u>7,782,756</u>	<u>6,710,447</u>
	<u>\$ 8,052,275</u>	<u>\$ 7,549,803</u>

Included in endowment funds are \$100,000 and \$130,000 (2022 - \$100,000 and \$130,000) restricted for operations and research, respectively (Note 8).

Included in internally restricted investments is \$712,500 (2022 - \$712,500) for the research reserve, \$250,000 (2022 - \$ Nil) for the C-OPN reserve, and \$5,056,318 (2022 - \$5,056,318) for the operating reserve.

Investment income comprises:

	<u>2023</u>	<u>2022</u>
Distributions from mutual funds	\$ 120,758	\$ 333,707
Unrealized capital gains (losses)	370,107	(911,562)
Interest income	<u>395,966</u>	<u>101,391</u>
Total investment income (loss)	<u>\$ 886,831</u>	<u>\$ (476,464)</u>

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2023

4. Property and equipment

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment and system software	\$ 320,040	\$ 205,251	\$ 114,789	\$ 138,653
Office equipment	21,832	20,304	1,528	2,183
Leasehold improvements	<u>663,846</u>	<u>239,040</u>	<u>424,806</u>	<u>472,007</u>
	<u>\$ 1,005,718</u>	<u>\$ 464,595</u>	<u>\$ 541,123</u>	<u>\$ 612,843</u>

Amortization of property and equipment for the fiscal year totalled \$92,580 (2022 - \$92,893).

5. Deferred contributions

	<u>2023</u>	<u>2022</u>
Deferred contributions		
Balance, beginning of year	\$ 69,813	\$ 69,813
Amount recognized as revenue	<u>-</u>	<u>-</u>
Balance, end of year	<u>69,813</u>	<u>69,813</u>
Deferred research contributions		
Balance, beginning of year	-	-
Contributions received	575,000	-
Amount recognized as revenue	<u>-</u>	<u>-</u>
Balance, end of year	<u>575,000</u>	<u>-</u>
Deferred lease benefit		
Balance, beginning of year	363,740	400,115
Amount recognized as revenue	<u>(36,376)</u>	<u>(36,375)</u>
Balance, end of year	<u>327,364</u>	<u>363,740</u>
Total deferred contributions, end of year	<u>972,177</u>	<u>433,553</u>
Less: Long-term portion of deferred lease benefit	<u>(290,992)</u>	<u>(327,368)</u>
Current deferred contributions, end of year	<u>\$ 681,185</u>	<u>\$ 106,185</u>

Parkinson Canada Inc.

Notes to the Financial Statements

December 31, 2023

6. Allocation of expenses

Allocated expenses	Research, advocacy, education and support services	Philanthropy	Operating and administration	Total 2023	Total 2022
Salaries and benefits	\$ 2,873,243	\$ 1,420,826	\$ 920,232	\$ 5,214,301	\$ 5,097,447
Rent	199,889	78,918	107,755	386,562	422,429
Information technology	204,914	78,240	89,417	372,571	346,419
Office expenses	33,941	12,959	14,811	61,711	97,892
	3,311,987	1,590,943	1,132,215	6,035,145	5,964,187
Direct expenses	3,414,953	1,738,867	852,782	6,006,602	4,817,603
	\$ 6,726,940	\$ 3,329,810	\$ 1,984,997	\$ 12,041,747	\$ 10,781,790

During 2023, expenses were allocated based on the amount of time spent on each function. Expenses were allocated as follows: 55% (2022 - 53%) to research, advocacy, education and support services, 26% (2022 - 23%) to philanthropy, and 19% (2022 - 24%) to operating and administration.

7. Interfund transfers

In 2018, the Board of Directors approved the implementation of the internally restricted C-OPN Reserve including a transfer of \$1,000,000 which was completely depleted by December 31, 2022. During the year, the Board approved an additional transfer of \$250,000 to the internally restricted C-OPN Reserve (2022 - \$Nil).

The Organization transferred \$Nil (2022 - \$250,000) from the internally restricted C-OPN reserve to the unrestricted fund.

8. Endowment Funds

Operations

Operating endowment funds represent a \$100,000 (2022 - \$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 (2022 - \$80,000) from the late Dr. Lorne MacLachlan and \$50,000 (2022 - \$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, 2023

9. 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:

2024	\$ 616,000
2025	582,000
2026	576,000
2027	571,000
2028	578,000
Thereafter	<u>2,582,000</u>
	<u>\$ 5,505,000</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.

10. 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.

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 \$1,272,366 (2022 - \$2,109,522).

Parkinson Canada Inc.
Notes to the Financial Statements
December 31, 2023

10. Financial instruments (continued)

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.