



Financial Statements

Parkinson Canada Inc. (Note 1)

December 31, 2016

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## 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  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2016, 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 judgment, 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, 2016, current assets as at December 31, 2016, and net assets as at December 31, 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, 2016, 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.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which indicates that, on January 1, 2016, Parkinson Society Canada amalgamated with Parkinson Society Eastern Ontario and Parkinson Society Saskatchewan to form Parkinson Canada Inc.; and that, on January 16, 2016, Parkinson Society Maritime Region transferred its net assets to the new entity. The assets and liabilities of each entity were transferred to Parkinson Canada Inc. at their book values on January 1, 2016, and accordingly, a statement of financial position as at January 1, 2016 is presented in these financial statements.



Toronto, Canada  
May 5, 2017

Chartered Professional Accountants  
Licensed Public Accountants

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**Parkinson Canada Inc.**  
**Statement of Operations**

Year ended December 31

**2016**

(Note 1)

Revenue	
Planned giving	\$ 3,915,280
Individual giving	3,145,337
Events	2,418,894
Corporate donations	1,566,594
Investment income (Note 3)	212,945
Contribution from The Charles Playfair and Dora Burke Playfair Fund for Research (Note 5)	75,248
Other	<u>208,022</u>
	<u>11,542,320</u>
Expenses (Note 6)	
Research, advocacy, education and support services	4,807,924
Fundraising	2,758,499
Operating and administration	<u>2,020,439</u>
	<u>9,586,862</u>
Excess of revenue over expenses	<u>\$ 1,955,458</u>

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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 Stability Reserve	Endowment Funds	Total 2016
Net assets, January 1, 2016 (Note 1)	\$ 7,689,406	\$ 97,371	\$ 212,969	\$ 230,000	\$ 8,229,746
Excess (deficiency) of revenue over expenses	1,975,975	(34,336)	13,819	-	1,955,458
Net investment of property and equipment	(40,138)	40,138	-	-	-
Net assets, December 31, 2016	<u>\$ 9,625,243</u>	<u>\$ 103,173</u>	<u>\$ 226,788</u>	<u>\$ 230,000</u>	<u>\$ 10,185,204</u>

See accompanying notes to the financial statements.

# Parkinson Canada Inc.

## Statement of Financial Position

	December 31, 2016	January 1, 2016 (Note 1)
<b>Assets</b>		
Current		
Cash	\$ 731,541	\$ 1,380,998
Short-term investments (Note 3)	3,885,258	4,008,483
Accounts receivable	586,921	646,502
Prepaid expenses and other	<u>184,111</u>	<u>108,524</u>
	5,387,831	6,144,507
Investments (Note 3)	5,880,035	2,932,534
Property and equipment (Note 4)	<u>103,173</u>	<u>97,371</u>
	<b><u>\$ 11,371,039</u></b>	<b><u>\$ 9,174,412</u></b>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 695,539	\$ 596,025
Deferred contributions and deferred research contributions (Note 5)	<u>490,296</u>	<u>348,641</u>
	<b><u>1,185,835</u></b>	<b><u>944,666</u></b>
<b>Net assets</b>		
Unrestricted	9,625,243	7,689,406
Invested in property and equipment	103,173	97,371
Internally restricted research stability reserve	226,788	212,969
Endowment Funds	<u>230,000</u>	<u>230,000</u>
	<b><u>10,185,204</u></b>	<b><u>8,229,746</u></b>
	<b><u>\$ 11,371,039</u></b>	<b><u>\$ 9,174,412</u></b>

Commitments and contingencies (Note 8)

On behalf of the Board of Directors

 Director

 Director

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**Parkinson Canada Inc.**  
**Statement of Cash Flows**

Year ended December 31

**2016**

(Note 1)

Increase (decrease) in cash

**Operating**

Excess of revenue over expenses	<b>\$ 1,955,458</b>
Items not involving cash	
Amortization of property and equipment	<b>33,796</b>
Loss on disposal of property and equipment	<b>540</b>
Deferred contributions and deferred research contributions recognized during the year (Note 5)	<u><b>(75,248)</b></u>

**1,914,546**

Net change in non-cash working capital items

Accounts receivable	<b>59,581</b>
Prepaid expenses and other	<b>(75,587)</b>
Accounts payable and accrued liabilities	<u><b>99,514</b></u>

**83,508**Deferred contributions and deferred research contributions  
received during the year (Note 5)**216,903****Investing**

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

**(2,864,414)**

Net change in cash during the year

**(649,457)****Cash**January 1, 2016 (Note 1) **1,380,998**December 31, 2016 **\$ 731,541**

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# **Parkinson Canada Inc.**

## **Notes to the Financial Statements**

December 31, 2016

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### **1. Nature of organization and basis of accounting for amalgamation**

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

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.

#### **Basis of accounting for amalgamation**

As there is no guidance under ASNPO to govern amalgamations, the Organization opted to follow the accounting standards available in the United States for such transactions. Based on those standards, management concluded that the amalgamation met the definition of a merger, and accordingly, the financial statements reflect that of a newly-created entity with no comparative information presented. The financial statements as at January 1, 2016, reflect the combined assets, liabilities and net assets of each former entity at their book values on that date.

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 has been reflected as a contribution in these financial statements.

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### **2. Summary of significant accounting policies**

These financial statements are the first financial statements that have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") which were in effect from the date of amalgamation on January 1, 2016. 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.

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# Parkinson Canada Inc.

## Notes to the Financial Statements

December 31, 2016

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### 2. Summary of significant accounting policies (continued)

#### 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.

#### 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 reflected 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.

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# Parkinson Canada Inc.

## Notes to the Financial Statements

December 31, 2016

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### 2. Summary of significant accounting policies (continued)

#### 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.

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 reflected in these financial statements.

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### 3. Investments

	<b>December 31, 2016</b>	January 1, 2016 (Note 1)
Unrestricted	<b>\$ 9,208,285</b>	\$ 6,333,274
Restricted	<b>557,008</b>	607,743
	<b>9,765,293</b>	6,941,017
Less: current portion	<b>3,885,258</b>	4,008,483
	<b>\$ 5,880,035</b>	\$ 2,932,534

Investments consist primarily of money market investments, mutual funds, and guaranteed investment certificates with original maturities of three months or more. These investments earn interest at rates up to 3.7%.

Included in restricted investments are \$100,000 and \$130,000 (January 1, 2016 - \$100,000 and \$130,000) from endowment funds restricted for operations and research, respectively (Note 7); \$100,220 (January 1, 2016 - \$164,774) from "The Charles Playfair and Dora Burke Playfair Fund for Research" (Note 5); and \$226,788 (January 1, 2016 - \$212,969) for the internally restricted reserve established by the former Parkinson Society Canada to provide a reserve fund for research should donations unexpectedly decline.

# Parkinson Canada Inc.

## Notes to the Financial Statements

December 31, 2016

### 3. Investments (continued)

Investment income comprises:

	<u>2016</u>
Distributions from mutual funds	\$ 106,400
Unrealized capital gains (losses)	82,037
Interest income	<u>24,508</u>
Total investment income	<u>\$ 212,945</u>

### 4. Property and equipment

	<u>December 31, 2016</u>	<u>January 1, 2016</u> (Note 1)		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment and system software	\$ 81,716	\$ 21,769	\$ 59,947	\$ 63,408
Office equipment	39,611	8,608	31,003	18,321
Communications equipment	11,311	2,262	9,049	11,311
Leasehold improvements	<u>4,331</u>	<u>1,157</u>	<u>3,174</u>	<u>4,331</u>
	<u>\$ 136,969</u>	<u>\$ 33,796</u>	<u>\$ 103,173</u>	<u>\$ 97,371</u>

# Parkinson Canada Inc.

## Notes to the Financial Statements

December 31, 2016

### 5. Deferred contributions and deferred research contributions

	<u>2016</u>
Deferred contributions	
Balance, January 1, 2016 (Note 1)	\$ 110,765
Additions	138,713
Amount recognized as revenue	<u>-</u>
Balance, December 31, 2016	<u>249,478</u>
Deferred research contributions	
Balance, January 1, 2016 (Note 1)	237,876
Additions	78,190
Amount recognized as revenue	<u>(75,248)</u>
Balance, December 31, 2016	<u>240,818</u>
Deferred contributions and deferred research contributions, December 31, 2016	<u>\$ 490,296</u>

Included in deferred research contributions is "The Charles Playfair and Dora Burke Playfair Fund for Research" in the amount of \$100,220 (January 1, 2016 - \$164,774). 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).

### 6. Allocation of expenses

Allocated expenses	Research, advocacy, education and support services	Fundraising	Operating and administration	Total 2016
Salaries and benefits	\$ 2,469,143	\$ 837,113	\$ 1,146,172	\$ 4,452,428
Rent	256,961	106,002	110,200	473,163
Information technology	106,495	38,487	63,810	208,792
Office expenses	<u>44,372</u>	<u>16,146</u>	<u>79,512</u>	<u>140,030</u>
	2,876,971	997,748	1,399,694	5,274,413
Direct expenses	<u>1,930,953</u>	<u>1,760,751</u>	<u>620,745</u>	<u>4,312,449</u>
	<u>\$ 4,807,924</u>	<u>\$ 2,758,499</u>	<u>\$ 2,020,439</u>	<u>\$ 9,586,862</u>

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

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# Parkinson Canada Inc.

## Notes to the Financial Statements

December 31, 2016

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### 7. Endowment Funds

#### Operations

Operating endowment funds represent a \$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 from the late Dr. MacLachlan and \$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.

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### 8. Commitments and contingencies

#### Commitments

As at December 31, 2016, the Organization is committed to research and fellowship grants as follows:

2017	\$	885,740
2018		271,750

The Organization is committed to total minimum annual lease payments and operating costs for office premises and office equipment until fiscal 2021 as follows:

2017	\$	572,845
2018		288,548
2019		75,724
2020		29,713
2021		4,322

#### Contingencies - insurance policies

The Organization 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 are not reasonably determinable.

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# **Parkinson Canada Inc.**

## **Notes to the Financial Statements**

December 31, 2016

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### **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.

#### **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 \$1,121,535.

#### **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.