
**DYSTONIA MEDICAL RESEARCH
FOUNDATION CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members,
Dystonia Medical Research Foundation Canada

We have audited the accompanying financial statements of Dystonia Medical Research Foundation Canada, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and 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 organization'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 organization'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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dystonia Medical Research Foundation Canada 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.



Chartered Professional Accountants
Licensed Public Accountants

August 30, 2017
Toronto, Ontario

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 718,379	\$ 388,542
Guaranteed investment certificates (note 2)	200,679	100,717
Amounts receivable	13,297	5,565
Prepaid expenses	<u>2,399</u>	<u>1,858</u>
	<u>\$ 934,754</u>	<u>\$ 496,682</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,373	\$ 8,820
Deferred contributions (note 5)	<u>419,349</u>	<u>-</u>
	<u>429,722</u>	<u>8,820</u>
Net assets		
Unrestricted	<u>505,032</u>	<u>487,862</u>
	<u>\$ 934,754</u>	<u>\$ 496,682</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
REVENUE		
Contributions (note 5)	\$ 428,249	\$ 319,520
Interest	<u>1,532</u>	<u>1,005</u>
	<u>429,781</u>	<u>320,525</u>
EXPENSES (note 6)		
Awareness, education and services (note 4)	139,389	98,568
Research grants and activities (note 4)	123,981	100,041
Fundraising	88,621	65,689
Administrative and professional (note 4)	47,608	45,686
Advocacy	11,727	9,189
Governance	<u>1,285</u>	<u>1,105</u>
	<u>412,611</u>	<u>320,278</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	17,170	247
Net assets, beginning of year	<u>487,862</u>	<u>487,615</u>
NET ASSETS, END OF YEAR	<u>\$ 505,032</u>	<u>\$ 487,862</u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 17,170	\$ 247
Net change in non-cash working capital items (see below)	<u>412,630</u>	<u>(89,740)</u>
Net cash generated from (used for) operating activities	429,800	(89,493)
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(99,963)</u>	<u>(38)</u>
NET CASH GENERATED (USED) IN THE YEAR	329,837	(89,531)
Cash, beginning of year	<u>388,542</u>	<u>478,073</u>
CASH, END OF YEAR	<u>\$ 718,379</u>	<u>\$ 388,542</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	\$ (7,732)	\$ (63)
Prepaid expenses	(541)	25
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	1,554	(16,702)
Deferred contributions	<u>419,349</u>	<u>(73,000)</u>
	<u>\$ 412,630</u>	<u>\$ (89,740)</u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

Dystonia Medical Research Foundation Canada (the organization) was incorporated without share capital under the Canada Corporations Act and subsequently continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization provides medical research grants, creates awareness through educational materials and symposiums, and sponsors support groups for patients and their families.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Capital assets

Individual capital assets are capitalized in the year of purchase at cost. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives.

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Contributions

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

Interest income

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

Allocation of expenses

The organization allocates administrative expenses to fundraising and programming based on actual personnel time spent.

2. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at a rate of 0.75% and mature between February 2017 and March 2017.

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

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3. FINANCIAL INSTRUMENTS AND RELATED FINANCIAL RISKS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest.

It is management's opinion that the organization's financial instruments are not exposed to significant financial risks and that existing cash balances and cash flows generated from operations are sufficient to meet the organization's financial liabilities. The organization minimizes the likelihood of uncollected revenue by regularly monitoring amounts receivable. Fluctuations in market interest rates do not affect future cash flows required for the organization's fixed rate guaranteed investments certificates.

4. RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out in the normal course of operations and are recorded at an exchange value which approximates fair value.

The following is a description of the organization's relationship with related parties:

Four of the organization's eight voting board members are also voting board members of Dystonia Medical Research Foundation United States (DMRFUS). Also:

- The President of the Board of the organization is also the Board Chair of DMRFUS.
- The spouse of the Board Chair of the organization is a voting board member of the Board of the organization and DMRFUS.

The President of the Board of the organization is also the Chief Executive Officer and President of a corporation that administers the organization's Group Benefits Plan.

The organization entered into the following transactions with related parties during the year:

- The organization paid \$80,000 to DMRFUS for administrative and research program costs (\$50,000 in 2015). As at December 31, 2016, no amounts were payable to or receivable from DMRFUS (\$nil payable to DMRFUS as at December 31, 2015).
- The organization paid \$10,360 for Group Benefits Plan during the year (\$6,811 in 2015).

5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2016	2015
Deferred contributions, beginning of year	\$ -	\$ 73,000
Add cash received from contributions	847,598	246,520
Less contribution revenue recognized	<u>(428,249)</u>	<u>(319,520)</u>
Deferred contributions, end of year	<u>\$ 419,349</u>	<u>\$ -</u>

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

6. ALLOCATED PERSONNEL COSTS

Included in the statement of operations are personnel costs allocated as follows:

	2016	2015
Awareness, education and services	\$ 81,655	\$ 67,008
Fundraising	48,439	40,227
Administrative and professional	36,850	31,125
Research grants and activities	20,477	20,769
Advocacy	<u>6,893</u>	<u>5,356</u>
	<u>\$ 194,314</u>	<u>\$ 164,485</u>