
**DYSTONIA MEDICAL RESEARCH
FOUNDATION CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Dystonia Medical Research Foundation Canada,

Opinion

We have audited the financial statements of Dystonia Medical Research Foundation Canada (the organization), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of Dystonia Medical Research Foundation Canada as at December 31, 2018 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 Opinion

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 the 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 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 but 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

August 13, 2019
Toronto, Ontario

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
Current assets		
Cash	\$ 49,611	\$ 277,249
Guaranteed investment certificates (note 2)	633,109	561,930
Amounts receivable	25,368	35,449
HST rebate recoverable	5,437	6,572
Prepaid expenses	<u>9,365</u>	<u>11,718</u>
	<u>\$ 722,890</u>	<u>\$ 892,918</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,019	\$ 21,951
Deferred contributions (note 5)	<u>147,259</u>	<u>331,878</u>
	<u>160,278</u>	<u>353,829</u>
Net assets		
Unrestricted	<u>562,612</u>	<u>539,089</u>
	<u>\$ 722,890</u>	<u>\$ 892,918</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, 2018

	2018	2017
REVENUE		
Contributions (note 5)	\$ 563,902	\$ 512,763
Interest	<u>4,748</u>	<u>2,062</u>
	<u>568,650</u>	<u>514,825</u>
EXPENSES (note 6)		
Research grants and activities (note 6)	235,053	155,401
Awareness, education and services (note 6)	129,721	155,790
Fundraising	105,676	121,768
Administrative and professional (note 6)	37,132	44,523
Advocacy	31,357	3,150
Governance	<u>6,188</u>	<u>136</u>
	<u>545,127</u>	<u>480,768</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	23,523	34,057
Net assets, beginning of year	<u>539,089</u>	<u>505,032</u>
NET ASSETS, END OF YEAR	<u>\$ 562,612</u>	<u>\$ 539,089</u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 23,523	\$ 34,057
Net change in non-cash working capital items (see below)	<u>(179,982)</u>	<u>(113,936)</u>
Net cash used for operating activities	(156,459)	(79,879)
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(71,179)</u>	<u>(361,251)</u>
NET DECREASE IN CASH FOR THE YEAR	(227,638)	(441,130)
Cash, beginning of year	<u>277,249</u>	<u>718,379</u>
CASH, END OF YEAR	<u><u>\$ 49,611</u></u>	<u><u>\$ 277,249</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	\$ 10,081	\$ (22,152)
HST rebate recoverable	1,135	(6,572)
Prepaid expenses	2,354	(9,320)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(8,933)	11,579
Deferred contributions	<u>(184,619)</u>	<u>(87,471)</u>
	<u><u>\$ (179,982)</u></u>	<u><u>\$ (113,936)</u></u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

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 a registered charitable organization and is exempt from income tax in Canada as a private foundation under Section 149(1)(F) of 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:

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 rates ranging from 1.68% to 2.05% and mature between February 2019 and July 2019.

3. FINANCIAL INSTRUMENTS

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, which approximates fair value.

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

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4. AFFILIATED ORGANIZATION

The organization maintains a strong and collaborative working relationship with Dystonia Medical Research Foundation United States located in the United States.

5. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2018	2017
Deferred contributions, beginning of year	\$ 331,878	\$ 419,349
Add cash received from contributions	379,283	425,292
Less contribution revenue recognized	<u>(563,902)</u>	<u>(512,763)</u>
Deferred contributions, end of year	<u>\$ 147,259</u>	<u>\$ 331,878</u>

6. ALLOCATED PERSONNEL COSTS

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

	2018	2017
Fundraising	\$ 63,069	\$ 66,500
Research grants and activities	60,751	50,477
Awareness, education and services	33,709	101,526
Advocacy	26,465	-
Administrative and professional	<u>22,317</u>	<u>28,608</u>
	<u>\$ 206,311</u>	<u>\$ 247,111</u>

7. LEASE COMMITMENT

The organization leases space in Toronto, Canada. Minimum annual payments under the terms of the lease, which expires on October 31, 2022, are as follows:

2019	\$ 19,858
2020	20,445
2021	20,563
2022	17,625