
**DYSTONIA MEDICAL RESEARCH
FOUNDATION CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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, 2020 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

September 13, 2021
Toronto, Ontario

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 707,578	\$ 618,995
Amounts receivable	24,202	14,355
Canada Emergency Wage Subsidy receivable	6,810	-
Canada Emergency Rent Subsidy receivable	1,347	-
HST rebate recoverable	5,538	12,491
Prepaid expenses	<u>10,123</u>	<u>10,426</u>
	<u>\$ 755,598</u>	<u>\$ 656,267</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,627	\$ 14,288
Deferred contributions (note 4)	<u>25,927</u>	<u>25,966</u>
	39,554	40,254
Long-term liabilities		
Canada Emergency Business Account (CEBA) loan payable (note 5)	<u>40,000</u>	<u>-</u>
	<u>79,554</u>	<u>40,254</u>
Net assets		
Unrestricted	<u>676,044</u>	<u>616,013</u>
	<u>\$ 755,598</u>	<u>\$ 656,267</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, 2020

	2020	2019
REVENUE		
Contributions (note 4)	\$ 346,234	\$ 564,955
Canada Emergency Wage Subsidy (CEWS)	51,110	-
Forgivable portion of CEBA loan (note 5)	20,000	-
Interest	6,266	12,153
Canada Emergency Rent Subsidy (CERS)	<u>3,641</u>	<u>-</u>
	<u>427,251</u>	<u>577,108</u>
EXPENSES (note 6)		
Research grants and activities	165,100	294,912
Awareness, education and services	87,954	109,814
Fundraising	75,497	69,867
Administrative and professional	26,288	29,623
Advocacy	11,409	18,501
Governance	<u>972</u>	<u>990</u>
	<u>367,220</u>	<u>523,707</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	60,031	53,401
Net assets, beginning of year	<u>616,013</u>	<u>562,612</u>
NET ASSETS, END OF YEAR	<u>\$ 676,044</u>	<u>\$ 616,013</u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 60,031	\$ 53,401
Net change in non-cash working capital items (see below)	<u>(11,448)</u>	<u>(117,126)</u>
Net cash generated from (used for) operating activities	48,583	(63,725)
INVESTING ACTIVITIES		
Guaranteed investment certificates redeemed	<u>-</u>	<u>633,109</u>
FINANCING ACTIVITIES		
Proceeds from CEBA loan, net of forgivable portion	<u>40,000</u>	<u>-</u>
NET INCREASE IN CASH FOR THE YEAR	88,583	569,384
Cash, beginning of year	<u>618,995</u>	<u>49,611</u>
CASH, END OF YEAR	<u><u>\$ 707,578</u></u>	<u><u>\$ 618,995</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	\$ (9,847)	\$ 11,013
Canada Emergency Wage Subsidy receivable	(6,810)	-
Canada Emergency Rent Subsidy receivable	(1,347)	-
HST rebate recoverable	6,953	(7,054)
Prepaid expenses	304	(1,061)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(662)	1,269
Deferred contributions	<u>(39)</u>	<u>(121,293)</u>
	<u><u>\$ (11,448)</u></u>	<u><u>\$ (117,126)</u></u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

Dystonia Medical Research Foundation Canada (the organization) is incorporated without share capital under the Canada Not-for-profit Corporations Act. The organization is a registered charity and is exempt from income tax in Canada under paragraph 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.

CEWS and CERS

CEWS and CERS is recognized as revenue in the period to which they relate.

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 when earned.

Allocation of expenses

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

2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, amounts receivable (including CEWS and CERS 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.

3. AFFILIATED ORGANIZATION

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

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2020	2019
Deferred contributions, beginning of year	\$ 25,966	\$ 147,259
Add cash received from contributions	346,195	443,662
Less contribution revenue recognized	<u>(346,234)</u>	<u>(564,955)</u>
Deferred contributions, end of year	<u>\$ 25,927</u>	<u>\$ 25,966</u>

5. CANADA EMERGENCY BUSINESS ACCOUNT LOAN PAYABLE

During the year, the organization obtained the Canada Emergency Business Account (CEBA) loan of \$60,000 from the Government of Canada. The unsecured loan bears no interest and no principal repayments are required until December 31, 2022. Proceeds from the loan can only be used for non-deferrable operating expenses. If the organization repays \$40,000 of the loan when due, the remaining \$20,000 is forgiven. As at year end, the organization's resources are sufficient to repay the loan when due and therefore the forgivable portion of the loan has been recognized as revenue in the current year. As at December 31, 2020, the organization made no principal repayments in respect of the CEBA loan.

6. ALLOCATED PERSONNEL COSTS

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

	2020	2019
Research grants and activities	\$ 47,199	\$ 35,554
Fundraising	42,634	36,976
Awareness, education and services	32,570	35,554
Administrative and professional	21,166	19,910
Advocacy	<u>7,081</u>	<u>14,222</u>
	<u>\$ 150,650</u>	<u>\$ 142,216</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:

2021	20,563
2022	17,625