

Dystonia Medical Research
Foundation Canada

Financial Statements

December 31, 2022

Dystonia Medical Research Foundation Canada

Financial Statements

December 31, 2022

Index

| | |
|---|-----|
| Independent Auditor's Report | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Operations and Changes in Net Assets | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6-9 |



September 15, 2023

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, which comprise the statement of financial position as at December 31, 2022, and the statement 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 the Dystonia Medical Research Foundation Canada at December 31, 2022, and its financial performance 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 Dystonia Medical Research Foundation Canada 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 Dystonia Medical Research Foundation Canada 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 Dystonia Medical Research Foundation Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Dystonia Medical Research Foundation Canada financial reporting process.

Roger Chaplin CPA, CA LPA MA (Oxon) Gail Bergman CPA, CA LPA B Comm

Chaplin & Co LLP Chartered Professional Accountants • 1110 Finch Avenue West Suite 710 Toronto Ontario M3J 2T2

Telephone 416 667 7060 Facsimile 416 663 3746 e cpa@chaplinco.com www.chaplinco.com

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 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 Dystonia Medical Research Foundation Canada'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 Dystonia Medical Research Foundation Canada'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 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 Dystonia Medical Research Foundation Canada 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.

Other matter

The financial statements of Dystonia Medical Research Foundation Canada for the year ended December 31, 2021 were audited by another firm of Chartered Professional Accountants who issued a similarity worded audit opinion on September 23, 2022.

Chaplin + Co. LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



Dystonia Medical Research Foundation Canada

Statement of Financial Position

Page 3

| | Notes | December 31 | |
|---|-------|-------------------|-------------------|
| | | 2022 | 2021 |
| Assets | | | |
| Current | | | |
| Cash | | \$ 403,095 | \$ 617,870 |
| Amounts receivable | | 9,757 | 20,128 |
| Canada Recovery Hiring Program receivable | | - | 7,839 |
| Canada Emergency Rent Subsidy receivable | | - | 1,932 |
| HST rebate recoverable | | 5,062 | 4,232 |
| Prepaid expenses | | 13,868 | 10,776 |
| | | <u>431,782</u> | <u>662,777</u> |
| Investments | 3 | <u>440,692</u> | <u>237,435</u> |
| | | <u>\$ 872,474</u> | <u>\$ 900,212</u> |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | \$ 15,662 | \$ 13,477 |
| Deferred contributions | 5 | <u>136,581</u> | <u>157,177</u> |
| | | 152,243 | 170,654 |
| Long-term | | | |
| Canada Emergency Business Account loan (CEBA) payable | 6 | <u>40,000</u> | <u>40,000</u> |
| | | 192,243 | 210,654 |
| Net assets | | <u>680,231</u> | <u>689,618</u> |
| | | <u>\$ 872,474</u> | <u>\$ 900,272</u> |

See accompanying notes

Approved on behalf of the Board of Directors:

Director

Director

Dystonia Medical Research Foundation Canada

Statement of Operations and Changes in Net Assets

Page 4

| | Notes | December 31 | |
|---|-------|-------------------|-------------------|
| | | 2022 | 2021 |
| Revenue | | | |
| Contributions | | \$ 461,043 | \$ 237,388 |
| COVID - 19 subsidies | | 11,954 | 64,142 |
| Investment income (loss) | 3 | (28,015) | 32,310 |
| Other income | | 251 | - |
| | | <u>445,233</u> | <u>333,840</u> |
| Expenses (note 6) | | | |
| Research grants and activities | | 241,093 | 135,086 |
| Awareness, education and services | | 98,747 | 73,237 |
| Fundraising | | 66,504 | 67,397 |
| Administrative and professional | | 30,102 | 36,233 |
| Advocacy | | 17,093 | 7,412 |
| Governance | | 1,081 | 901 |
| | | <u>454,620</u> | <u>320,266</u> |
| Excess of revenue over expenses (expenses over revenue) for the year | | (9,387) | 13,574 |
| Net assets, beginning of year | | <u>689,618</u> | <u>676,044</u> |
| Net assets, end of year | | <u>\$ 680,231</u> | <u>\$ 689,618</u> |

See accompanying notes

| | Year ended December 31 | |
|---|------------------------|-------------------|
| | 2022 | 2021 |
| Cash provided by (used in): | | |
| Operations | | |
| Excess of revenue over expenses (expenses over revenue) for the year | \$ (9,387) | \$ 13,574 |
| Loss on sale of investments | 5,115 | - |
| Unrealized loss (gains) on marketable securities | 38,397 | (14,416) |
| | <u>34,125</u> | <u>(842)</u> |
| (Increase) decrease in non-cash working capital | | |
| Amounts receivable | 10,371 | 4,074 |
| Canada Emergency Wage Subsidy receivable | - | 6,810 |
| Canada Recovery Hiring Program receivable | 7,839 | (7,839) |
| Canada Emergency Rent Subsidy | 1,932 | (586) |
| HST rebate recoverable | (830) | 1,307 |
| Prepaid expenses | (3,092) | (653) |
| Accounts payable and accrued liabilities | 2,185 | (150) |
| Deferred contributions | (20,536) | 131,190 |
| | <u>31,994</u> | <u>133,311</u> |
| Investing activities | | |
| Proceeds from sale of marketable securities | 555,066 | - |
| Purchase of marketable securities | (801,755) | (184,529) |
| | <u>(246,689)</u> | <u>(184,529)</u> |
| Net decrease in cash during the year | (214,695) | (51,218) |
| Cash, beginning of year | <u>617,790</u> | <u>669,008</u> |
| Cash, end of year | <u>\$ 403,095</u> | <u>\$ 617,790</u> |

See accompanying notes

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

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Revenue recognition

The Foundation 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 are recognized in revenue when received.

Government subsidies and other income are recorded in income when received or receivable

Contributed services

The value of donated goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated. The foundation benefit substantially from services in the form of volunteer time. The value of volunteer services is not recorded in these financial statements.

Investments

Investments consist of funds invested in guaranteed investment certificated, fixed income and equity securities. These investments are recorded at market value.

Investment income which consists of interest, dividends reinvested distributions from index pooled funds and unrealized gains and realized gains and losses on the sale of marketable securities are recorded in the statement of operations as earned.

Allocation of expenses

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

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liability at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Such estimates include the useful lives of capital assets, deferred contributions and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities as fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost, except for marketable securities that are quoted in an active market. Financial assets measured at amortized cost include cash, amounts receivable and HST rebate recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair market value include investments.

Financial assets measured at cost or amortized costs are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indication of impairment the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and recognizes an impairment loss if the carrying value of the asset is greater than the higher of present value of the expected future cash flows, the amount that can be realized by selling the asset or the amount the Foundation expects to realize by exercising its right to any collateral.

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement not exceeding the initial carrying value.

3. Investments

Investments at fair value consists of:

| | 2022 | 2021 |
|--------------------------------|-------------------|-------------------|
| GIC | \$ 30,106 | \$ - |
| Fixed income | 89,229 | 119,707 |
| Common shares | 27,154 | 117,728 |
| Mutual funds (Canadian and US) | 275,627 | - |
| Other securities | 18,576 | - |
| | <u>\$ 440,692</u> | <u>\$ 237,435</u> |

Investment income consists of:

| | 2022 | 2021 |
|---|--------------------|------------------|
| Interest, dividends and mutual fund distributions | \$ 15,497 | \$ 8,023 |
| Gain (loss) on disposal of investments | (5,115) | 9,871 |
| Unrealized gains (losses) on investments | (38,397) | 14,416 |
| | <u>\$ (28,015)</u> | <u>\$ 32,310</u> |

4. Donations in kind

Included in contribution is an amount of \$95,250 (2021 - \$101,559) for donations in kind consisting of donated marketable securities:

Dystonia Medical Research Foundation Canada

Notes to the Financial Statements
December 31, 2022

Page 8

5. Deferred contributions

Deferred contributions consists of:

| | 2022 | 2021 |
|-------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 157,177 | \$ 25,927 |
| Additions during the year | 440,447 | 368,578 |
| Amounts recognized in revenue | (461,043) | (237,388) |
| Balance end of year | <u>\$ 136,581</u> | <u>\$ 157,117</u> |

6. Emergency Business Account (CEBA) loan

The Foundation obtained the Canada Emergency Business Account (CEBA) loan of \$60,000 from TD Canada Trust. The unsecured loan bears no interest and no principal repayments are required until December 31, 2023. 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. Since the Foundation's resources are sufficient to repay the loan when due, the forgivable portion of the loan was recognized as revenue in a prior year. As at December 31, 2022, the Foundation has not made any principal repayments.

7. Allocation of personnel costs

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

| | 2022 | 2021 |
|-----------------------------------|-------------------|-------------------|
| Research grants and activities | \$ 36,252 | \$ 35,699 |
| Fundraising | 31,902 | 33,999 |
| Awareness, education and services | 42,052 | 32,300 |
| Administrative and professional | 23,201 | 30,599 |
| Advocacy | 11,601 | 3,400 |
| | <u>\$ 145,008</u> | <u>\$ 135,997</u> |

8. Lease commitment

The organization leases space in Toronto, Canada. Minimum annual payments under the terms of the lease, which expires on October 31, 2024, are as follows:

| | |
|------|------------------|
| 2023 | \$ 10,794 |
| 2024 | 8,995 |
| | <u>\$ 19,789</u> |

8. Financial risks

Fair value

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

Credit risk

The Foundation's exposure to credit risk is on amounts receivable. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit risk for accounts receivable is the risk that the obligation will fail to be discharged causing the Foundation to incur a financial loss. Credit risk is minimized by ensuring the credit is only extended to those entities that management believes has the financial capacity.

Liquidity risk

The Foundation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs at a reasonable cost.

9. Comparative figures

The comparative figures have been restated to conform with the current year's financial statement presentation.