

PARKINSON ASSOCIATION OF ALBERTA
Financial Statements
Year Ended December 31, 2019



CZECHOWSKY, GRAHAM & HANEVELT
CHARTERED PROFESSIONAL ACCOUNTANTS
• AN ASSOCIATION OF PROFESSIONAL PRACTICES •

STEVE CZECHOWSKY*
LOUIS GRAHAM*
DIANA HANEVELT*
JESSICA STOCK*
DANIEL CASHION*
*DENOTES PROFESSIONAL CORPORATION

400, 1121 CENTRE STREET NORTH
CALGARY, ALBERTA T2E 7K6

TELEPHONE: 403-234-8877
FAX: 403-263-1749

INDEPENDENT AUDITOR'S REPORT

To the Members of Parkinson Association of Alberta

Qualified Opinion

I have audited the financial statements of Parkinson Association of Alberta (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, I was not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. My audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Society in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit 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 ASNPO, 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 Society'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 Society or to cease

(continues)

Independent Auditor's Report to the Members of Parkinson Association of Alberta (continued)

operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Society'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 Society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Society 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.

I 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 I identify during my audit.

Calgary, Alberta
June 25, 2020


LOUIS GRAHAM PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

PARKINSON ASSOCIATION OF ALBERTA
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Unrestricted cash	\$ 64,647	\$ 115,627
Restricted cash	2,601	13,819
Accounts receivable	60,673	85,077
Inventory	19,621	22,571
Prepaid expenses	29,577	13,306
	177,119	250,400
PROPERTY AND EQUIPMENT (Note 4)	29,318	37,966
RESTRICTED INVESTMENT ASSETS (Note 5)	623,404	819,343
	\$ 829,841	\$ 1,107,709
LIABILITIES		
CURRENT		
Accounts payable (Note 6)	\$ 87,804	\$ 93,599
Deferred revenue (Note 7)	17,239	44,092
	105,043	137,691
LEASE RENTAL OBLIGATION (Note 8)	51,036	34,574
	156,079	172,265
NET ASSETS	673,762	935,444
	\$ 829,841	\$ 1,107,709

APPROVED BY THE DIRECTORS

_____ Director

_____ Director

See notes to financial statements

PARKINSON ASSOCIATION OF ALBERTA
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	2019	2018
RESTRICTED REVENUES		
Restricted research revenue	\$ 167,748	\$ 197,662
Interest	27,710	20,027
	<u>195,458</u>	<u>217,689</u>
UNRESTRICTED REVENUES		
General revenue	205,429	227,930
Event fundraising (Note 10)	745,958	807,161
Donations and bequests	899,758	328,161
Grants	51,700	436,750
	<u>1,902,845</u>	<u>1,800,002</u>
EXPENSES		
Amortization	8,648	10,801
Client services (Note 9)	1,073,453	921,667
Fundraising (Notes 9, 10)	609,663	452,666
Communications & Marketing (Note 9)	201,250	185,071
Administration	323,322	319,835
Research	220,000	202,041
	<u>2,436,336</u>	<u>2,092,081</u>
DEFICIENCY OF RESTRICTED REVENUES OVER EXPENSES FROM OPERATIONS	<u>(338,033)</u>	<u>(74,390)</u>
OTHER INCOME		
Gain (loss) on sale of marketable securities	87,813	(916)
Unrealized loss on marketable securities	(11,462)	(54,171)
	<u>76,351</u>	<u>(55,087)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ (261,682)</u>	<u>\$ (129,477)</u>

PARKINSON ASSOCIATION OF ALBERTA
Statement of Changes in Net Assets
Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
NET ASSETS - BEGINNING OF YEAR	\$ 935,444	\$ 1,064,921
DEFICIENCY OF RESTRICTED REVENUES OVER EXPENSES	<u>(261,682)</u>	<u>(129,477)</u>
NET ASSETS - END OF YEAR	<u>\$ 673,762</u>	<u>\$ 935,444</u>

PARKINSON ASSOCIATION OF ALBERTA
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 2,084,607	\$ 1,928,256
Cash paid to suppliers and employees	(2,446,805)	(2,094,424)
Interest received	27,710	20,029
Cash flow used by operating activities	<u>(334,488)</u>	<u>(146,139)</u>
INVESTING ACTIVITIES		
Proceeds from sale of marketable securities	300,000	50,107
Purchase of marketable securities	<u>(27,710)</u>	<u>(20,027)</u>
Cash flow from investing activities	<u>272,290</u>	<u>30,080</u>
DECREASE IN CASH FLOW	(62,198)	(116,059)
Cash - beginning of year	<u>129,446</u>	<u>245,505</u>
CASH - END OF YEAR	\$ 67,248	\$ 129,446
CASH CONSISTS OF:		
Unrestricted cash	\$ 64,647	\$ 115,627
Restricted cash	<u>2,601</u>	<u>13,819</u>
	\$ 67,248	\$ 129,446

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

1. PURPOSE OF THE SOCIETY

Parkinson Association of Alberta is a non-profit organization dedicated to assisting people and families who live with Parkinson Disease or related disorders. The Society provides information, education and support services unique to the needs of those coping with Parkinson Disease and supports research efforts into the cause, treatments, and a cure for the disorder.

The intended community of service is all those who have Parkinson Disease and related disorders, or assist in the care of those with the disease throughout the province of Alberta

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include restricted and unrestricted cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

At the end of each reporting period the Society assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment might include significant financial difficulty of the issuer, default or delinquency in interest payments, or bankruptcy. When there is an indication of impairment, the Society determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. Any impairment loss is recognized in the statement of revenues and expenditures in the current period. Impairment losses can be reversed to the extent of the improvement. The amount of the reversal is recognized in the statement of revenues and expenditures in the period the reversal occurs.

Cash and cash equivalents

Cash includes cash, cheques issued and outstanding, and cash equivalents. Cash equivalents are investments in highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

(continues)

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Inventory consists of Aware in Care Kits, which are given to members free of charge, or sold to non members. During the year \$2,951 (2018 - \$684) was expensed under client services that related to the Aware in Care Kits distributed.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Donated goods

Due to the difficulty in determining the fair value of donated goods and services, these financial statements do not account for the value of such goods and services.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	30% to 100%	declining balance method
Furniture and fixtures	20%	declining balance method
Website	20%	declining balance method

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment of Long Lived Assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Revenue recognition

The Society follows the restricted fund method of accounting for contributions. Contributions, including operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's operating expenses are included in revenue in the later period.

Allocation of expenses

The Society engages in client services, fundraising and marketing programs. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Society also incurs a number of general support expenses that are common to the administration of the organization and each of its programs.

The Society allocates certain general support expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Administration staff costs are allocated proportionately on the same percentage as the salaries of the program. Occupancy costs are allocated proportionately on the basis of the number of staff in each program.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. The Society is subject to uncertainty through its estimates of remaining useful life on its property and equipment. Actual results could differ from these estimates.

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 27,516	\$ 17,465	\$ 10,051	\$ 11,769
Furniture and fixtures	113,401	95,111	18,290	24,976
Website	16,925	15,948	977	1,221
	<u>\$ 157,842</u>	<u>\$ 128,524</u>	<u>\$ 29,318</u>	<u>\$ 37,966</u>

During the current year the Society received \$nil (2018 - \$nil) of funds to assist with the purchase of capital assets.

5. RESTRICTED INVESTMENT ASSETS

Restricted investment assets consist of investments in cash, government bonds, short-term money market funds and short-term mortgage funds which are restricted as follows:

	2019	2018
Internally restricted funds to be expended on items so designated as approved by the Directors	<u>\$ 623,404</u>	<u>\$ 819,343</u>

Internally restricted funds:

Internally restricted funds consist of designated donations, bequests, memorial funds and interest earned.

Funds restricted by the donor are funds that are received by the Society and designated to be used for research purposes. In 2019 \$220,000 (2018 - \$202,041) was donated from restricted funds for research purposes, allowing the Society to continue its commitment to the University of Calgary, University of Alberta and other chosen programs.

6. GOVERNMENT REMITTANCES PAYABLE OTHER THAN INCOME TAX

Government remittances (other than income taxes) include, for example, federal and provincial sales taxes, payroll taxes, health taxes, and workers' safety insurance premiums. The following government remittances were payable at year end:

	2019	2018
GST Receivable	\$ (10,831)	\$ (6,708)
Receiver General Payroll	19,001	18,875
	<u>\$ 8,170</u>	<u>\$ 12,167</u>

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

7. DEFERRED REVENUE

	2019	2018
Balance, beginning of year	\$ 44,092	\$ 108,140
Contributions during the year	103,875	143,608
Amounts spent during the year	(130,728)	(207,656)
	\$ 17,239	\$ 44,092

Contributions during the year include proceeds from casinos held in Edmonton, and Medicine Hat, as well as donations received for events not yet held. By December 31, 2019, \$15,938 was not yet received from the Medicine Hat casino. These funds were received in February 2020.

Amounts spent include regular and occasional facility rental costs in Calgary, Edmonton, Red Deer, Lethbridge and Medicine Hat, and Grand Prairie. They also include amounts paid for casino expenses, in accordance with Alberta Gaming and Liquor Commission regulations.

8. CONTRACTUAL OBLIGATIONS

The Society entered into a lease agreement for the Calgary premises in December 2017 that included a rent-free period extending until April 1, 2019. This rent-free incentive is to be amortized straight line over the term of the lease, which expires March 31, 2029. The amount of the incentive included in administration expense in the current period is \$16,463 (2018 - \$34,574).

9. ALLOCATION OF EXPENSES

Administration staff and occupancy costs of \$456,611 (2018 - \$424,098) have been allocated as follows:

	2019	2018
Client Services	\$ 287,665	\$ 267,183
Fundraising	123,285	114,506
Communications & Marketing	45,661	42,409
	\$ 456,611	\$ 424,098

10. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENT OF THE CHARITABLE FUNDRAISING ACT OF ALBERTA AND REGULATIONS

	2019	2018
Event fundraising	\$ 745,958	\$ 807,161

Expenses incurred for the purposes of soliciting contributions were \$197,018 (2018: \$123,701)

Remuneration paid to employees for fundraising activities were \$238,137 (2018: \$187,187)

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

11. LEASE COMMITMENTS

The Society has a long term lease with respect to its premises. The lease contains renewal options. Future minimum lease payments as at December 31, 2019, are as follows:

2020		\$	80,511
2021			74,139
2022			25,830
2023			39,897
2024			42,199
Thereafter			201,020
		\$	463,596

12. COMMITMENTS

The Society has made the following commitments to the University of Calgary and University of Alberta for 2020:

- \$100,000 for research purposes. Further commitments are based on annual review.

13. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society has placed its cash and investments with major financial institutions, Canadian governments and major corporations, from which management believes the risk of loss to be remote.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk. The Society is exposed to fluctuations in the market price of mutual funds. The Society manages its investments based on its cash flow needs and with a view to optimising its investment income.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the society manages exposure through its normal operating and financing activities. The Society manages its investments based on its cash flow needs and with a view to optimising its interest income.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

PARKINSON ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

14. SUBSEQUENT EVENTS

Subsequent to year-end, the COVID-19 outbreak was declared a pandemic by the World Health Organization, resulting in governments worldwide, including the Canadian and Provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to business globally and in Canada, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. However, the success of any interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels, and/or debt balances, which may have a direct impact on the Society's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the Society is not known at this time.