
**DYSTONIA MEDICAL RESEARCH
FOUNDATION CANADA**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, 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, 2021 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 23, 2022
Toronto, Ontario

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
Current assets		
Cash	\$ 617,870	\$ 669,088
Marketable securities (note 2)	237,435	38,490
Amounts receivable	20,128	24,202
Canada Emergency Wage Subsidy receivable	-	6,810
Canada Recovery Hiring Program receivable	7,839	-
Canada Emergency Rent Subsidy receivable	1,932	1,347
HST rebate recoverable	4,232	5,538
Prepaid expenses	<u>10,776</u>	<u>10,123</u>
	<u>\$ 900,212</u>	<u>\$ 755,598</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,477	\$ 13,627
Deferred contributions (note 5)	<u>157,117</u>	<u>25,927</u>
	170,594	39,554
Long-term liabilities		
Canada Emergency Business Account (CEBA) loan payable (note 6)	<u>40,000</u>	<u>40,000</u>
	<u>210,594</u>	<u>79,554</u>
Net assets		
Unrestricted	<u>689,618</u>	<u>676,044</u>
	<u>\$ 900,212</u>	<u>\$ 755,598</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, 2021

	2021	2020
REVENUE		
Contributions	\$ 237,388	\$ 346,234
Canada Emergency Wage Subsidy (CEWS)	44,565	51,110
Investment income (note 7)	32,310	6,266
Canada Emergency Rent Subsidy (CERS)	11,738	3,641
Canada Recovery Hiring Program (CRHP)	7,839	-
Forgivable portion of CEBA loan (note 6)	<u>-</u>	<u>20,000</u>
	<u>333,840</u>	<u>427,251</u>
EXPENSES (note 8)		
Research grants and activities	135,086	165,100
Awareness, education and services	73,237	87,954
Fundraising	67,397	75,497
Administrative and professional	36,233	26,288
Advocacy	7,412	11,409
Governance	<u>901</u>	<u>972</u>
	<u>320,266</u>	<u>367,220</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	13,574	60,031
Net assets, beginning of year	<u>676,044</u>	<u>616,013</u>
NET ASSETS, END OF YEAR	<u>\$ 689,618</u>	<u>\$ 676,044</u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 13,574	\$ 60,031
Add back non-cash items -		
Change in unrealized gains on marketable securities	(14,416)	-
Net change in non-cash working capital items (see below)	<u>134,153</u>	<u>(11,448)</u>
Net cash generated from operating activities	133,311	48,583
INVESTING ACTIVITIES		
Purchase of marketable securities	(184,529)	(38,490)
FINANCING ACTIVITIES		
Proceeds from CEBA loan, net of forgivable portion	<u>-</u>	<u>40,000</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(51,218)	50,093
Cash, beginning of year	<u>669,088</u>	<u>618,995</u>
CASH, END OF YEAR	<u>\$ 617,870</u>	<u>\$ 669,088</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Amounts receivable	\$ 4,074	\$ (9,847)
Canada Emergency Wage Subsidy receivable	6,810	(6,810)
Canada Recovery Hiring Program receivable	(7,839)	-
Canada Emergency Rent Subsidy receivable	(586)	(1,347)
HST rebate recoverable	1,307	6,953
Prepaid expenses	(653)	304
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(150)	(662)
Deferred contributions	<u>131,190</u>	<u>(39)</u>
	<u>\$ 134,153</u>	<u>\$ (11,448)</u>

see accompanying notes

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, CRHP and CERS

CEWS, CRHP and CERS is recognized as revenue in the periods 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.

Investment income

Investment income comprises i) interest from cash, ii) interest and dividends from fixed-income and equity securities respectively, iii) reinvested distributions from index pooled funds, iv) changes in unrealized gains and v) realized gains and losses on the sale of marketable securities. Interest on fixed-income investments is recognized over the terms of these investments. Transaction costs associated with the acquisition and disposal of marketable securities are expensed as incurred.

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, marketable securities, amounts receivable (including CEWS, CRHP and CERS receivable), accounts payable and accrued liabilities. Marketable securities, which comprise fixed income securities and equities, are measured at fair market value, determined by reference to published price quotations in an active market at year end. 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.

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. MARKETABLE SECURITIES

Marketable securities held by the organization are as follows:

	2021	2020
Fixed-income	\$ 119,707	\$ 38,490
Equities	<u>117,728</u>	<u>-</u>
	<u>\$ 237,435</u>	<u>\$ 38,490</u>

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:

	2021	2020
Deferred contributions, beginning of year	\$ 25,927	\$ 25,966
Add cash received from contributions	368,578	346,195
Less contribution revenue recognized	<u>(237,388)</u>	<u>(346,234)</u>
Deferred contributions, end of year	<u>\$ 157,117</u>	<u>\$ 25,927</u>

6. CANADA EMERGENCY BUSINESS ACCOUNT LOAN PAYABLE

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, 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. Because the organization's resources are sufficient to repay the loan when due, the forgivable portion of the loan was recognized as revenue in the prior year. As at December 31, 2021, the organization made no principal repayments in respect of the CEBA loan.

7. INVESTMENT INCOME

Investment income for the year was as follows:

	2021	2020
Change in unrealized gains	\$ 14,416	\$ -
Realized gains	9,871	-
Dividends	4,837	2,459
Interest	29	326
Other	<u>3,157</u>	<u>3,481</u>
	<u>\$ 32,310</u>	<u>\$ 6,266</u>

DYSTONIA MEDICAL RESEARCH FOUNDATION CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. ALLOCATED PERSONNEL COSTS

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

	2021	2020
Research grants and activities	\$ 35,699	\$ 47,199
Fundraising	33,999	42,634
Awareness, education and services	32,300	32,570
Administrative and professional	30,599	21,166
Advocacy	<u>3,400</u>	<u>7,081</u>
	<u>\$ 135,997</u>	<u>\$ 150,650</u>

9. 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:

2022	17,625
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