

**The Michael J. Fox Foundation for  
Parkinson's Research**

**Financial Statements**

**For the Year Ended December 31, 2017**



## INDEPENDENT AUDITORS' REPORT

### **To the Board of Directors of The Michael J. Fox Foundation for Parkinson's Research**

We have audited the accompanying financial statements of The Michael J. Fox Foundation for Parkinson's Research (the "Foundation") which comprise the statement of financial position as at December 31, 2017 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the Foundation derives revenue from donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenue over expenses, and cash flows from operations for the year ended December 31, 2017, current assets as at December 31, 2017 and net assets as at January 1, 2017 and December 31, 2017.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Michael J. Fox Foundation for Parkinson's Research as at December 31, 2017, 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.

RSM Canada LLP

Chartered Professional Accountants  
Licensed Public Accountants  
May 8, 2018  
Toronto, Ontario

**The Michael J. Fox Foundation for Parkinson's Research**  
**Statement of Financial Position**  
**As at December 31, 2017**

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	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,138,705	\$ 2,772,894
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 7,500	\$ 7,956
Research grants payable (Note 4)	396,538	583,015
Due to The Michael J. Fox Foundation for Parkinson's Research (USA) (Note 3)	734,667	2,181,923
	\$ 1,138,705	\$ 2,772,894

Approved by the Board of Directors \_\_\_\_\_

Director

Director

**The Michael J. Fox Foundation for Parkinson's Research**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2017**

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	2017	2016
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<b>Revenue</b>		
Foundation donations	\$ 612,230	\$ 1,355,848
Other income	1,311	1,227
	<hr/>	<hr/>
	613,541	1,357,075
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<b>Expenses</b>		
Research grant awards (Note 4)	599,825	1,310,725
Administration and other	13,716	46,350
	<hr/>	<hr/>
	613,541	1,357,075
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<b>Excess of revenue over expenses and net assets, beginning and end of year</b>	<b>\$ -</b>	<b>\$ -</b>

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**The Michael J. Fox Foundation for Parkinson's Research**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess of revenue over expenses	\$ -	\$ -
Net changes in non-cash working capital		
Pledge receivable	-	103,800
Due to/from The Michael J. Fox Foundation for Parkinson's Research (USA)	(1,447,256)	503,978
Accounts payable and accrued liabilities	(456)	456
Grants payable	(186,477)	494,813
<b>Net change in cash</b>	<b>(1,634,189)</b>	<b>1,103,047</b>
<b>Cash, beginning of year</b>	<b>2,772,894</b>	<b>1,669,847</b>
<b>Cash, end of year</b>	<b>\$ 1,138,705</b>	<b>\$ 2,772,894</b>

**1. NATURE OF FOUNDATION**

The Michael J. Fox Foundation for Parkinson's Research (the "Foundation") was incorporated in Canada on October 29, 2008, by letters patent under the Canada Corporations Act and obtained articles of continuance under Canada Not-for-profit Corporations Act on June 26, 2014. The Foundation is a registered charitable organization under Section 149(1)(f) of the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements are met. The Foundation commenced operations on January 1, 2009.

Parkinson's disease is the second most common degenerative neurological disorder that affects an estimated five million people worldwide. The Foundation is dedicated to finding a cure for Parkinson's disease through an aggressively funded research agenda and to ensuring the development of better therapies for those living with Parkinson's today.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Foundation.

**Use of Estimates**

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, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Revenue Recognition**

The Foundation follows the deferral method of accounting for contributions which include foundation and individual donations. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial Instruments**

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, grants payable and amount due to The Michael J. Fox Foundation for Parkinson's Research (USA).

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in excess of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

**Donations In-Kind**

Contributions of services and materials are only recognized when all of the following conditions are met:

- when fair value can reasonably be estimated and exceeds \$2,500;
- when the services and/or materials are used in the normal course of operations; and
- when the services and/or materials would otherwise have been purchased.

From time to time, volunteers make significant contributions of their time to the Foundation and its purpose. The value of this contributed time is not reflected in these financial statements.



**The Michael J. Fox Foundation for Parkinson's Research**  
**Notes to Financial Statements**  
**December 31, 2017**

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**3. RELATED PARTY TRANSACTIONS AND BALANCES**

The balance due from The Michael J. Fox Foundation for Parkinson's Research (USA) consists of the following:

	2017	2016
Due to The Michael J. Fox Foundation for Parkinson's Research (USA) , beginning of year	\$ (2,181,923)	\$ (1,677,945)
Payment made to The Michael J. Fox Foundation for Parkinson's Research (USA)	2,181,923	-
Donations received on behalf of Foundation	61,544	210,097
Pledges received on behalf of Foundation	-	103,800
Less: expenses incurred on behalf of Foundation	(9,908)	(11,921)
Less: grants paid on behalf of Foundation	(786,303)	(805,954)
Due to The Michael J. Fox Foundation for Parkinson's Research (USA), end of year	\$ (734,667)	\$ (2,181,923)

The Foundation is controlled by The Michael J. Fox Foundation for Parkinson's Research (USA). All transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

**4. GRANT AWARDS**

The Foundation awards research grants based upon (i) the guidance and input of its Scientific Advisory Board and other highly regarded scientists who serve on the grant review committees specializing in Parkinson's research, and (ii) the availability of funding. Full funding is dependent on fulfillment of predetermined, specific milestones and on the researchers' agreement to make the results of their work available to the Parkinson's research community. During the year, specific grants in the amount of \$599,825 (2016 - \$1,310,725) were committed by the Foundation.

**5. AGENCY AGREEMENT**

The Foundation has entered into an agency agreement with The Michael J. Fox Foundation for Parkinson's Research (USA) (the "Agent") wherein the Foundation appointed the Agent for the purpose of holding in trust for the Foundation amounts to be paid out as research grants. This agreement also entitles the Agent to reimbursement from the Foundation for all reasonable expenses incurred in connection with the performance of its duties. During the year ended December 31, 2017, total expenses in the amount of \$9,908 (2016 - \$11,921) were incurred by the Agent on behalf of the Foundation.