

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

Financial Statements

For the Year Ended December 31, 2018



INDEPENDENT AUDITORS' REPORT

To the Shareholders of The Michael J. Fox Foundation for Parkinson's Research

Qualified Opinion

We have audited the 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, 2018 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 or significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and 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 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, 2018, current assets as at December 31, 2018 and net assets as at January 1, 2018 and December 31, 2018.

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

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

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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 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 Foundation'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 Foundation'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 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 Foundation 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.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
May 30, 2019
Toronto, Ontario

The Michael J. Fox Foundation for Parkinson's Research
Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 1,792,652	\$ 1,138,705
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 9,018	\$ 7,500
Due to The Michael J. Fox Foundation for Parkinson's Research (USA) (Note 3)	699,144	734,667
Research grants payable (Note 4)	1,084,490	396,538
	\$ 1,792,652	\$ 1,138,705

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, 2018

	2018	2017
Revenue		
Foundation donations	\$ 1,054,014	\$ 612,230
Other income	2,485	1,311
	1,056,499	613,541
Expenses		
Research grant awards (Note 4)	1,038,202	599,825
Administration and other	18,297	13,716
	1,056,499	613,541
Excess of revenue over expenses and net assets, end of year	\$ -	\$ -

The Michael J. Fox Foundation for Parkinson's Research
Statement of Cash Flows
Year Ended December 31, 2018

	2018	2017
Cash provided by (used in)		
Operations		
Excess of revenue over expenses	\$ -	\$ -
Net changes in non-cash working capital		
Due to The Michael J. Fox Foundation for Parkinson's Research (USA)	(35,523)	(1,447,256)
Accounts payable and accrued liabilities	1,518	(456)
Grants payable	687,952	(186,477)
	653,947	(1,634,189)
Net change in cash	653,947	(1,634,189)
Cash, beginning of year	1,138,705	2,772,894
Cash, end of year	\$ 1,792,652	\$ 1,138,705

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).

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of a 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, 2018

3. RELATED PARTY TRANSACTIONS AND BALANCES

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

	2018	2017
Due to The Michael J. Fox Foundation for Parkinson's Research (USA) , beginning of year	\$ (734,667)	\$ (2,181,923)
Payment made to The Michael J. Fox Foundation for Parkinson's Research (USA)	-	2,181,923
Donations received on behalf of Foundation	518,806	61,544
Less: expenses incurred on behalf of Foundation	(18,343)	(9,908)
Less: grants paid on behalf of Foundation	(464,940)	(786,303)
Due to The Michael J. Fox Foundation for Parkinson's Research (USA), end of year	\$ (699,144)	\$ (734,667)

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 \$1,038,202 (2017 - \$599,825) 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, 2018, total expenses in the amount of \$18,343 (2017 - \$9,908) were incurred by the Agent on behalf of the Foundation.