

Financial Statements of

**HUNTINGTON SOCIETY  
OF CANADA**

And Independent Auditors' Report thereon

Year ended March 31, 2021



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Huntington Society of Canada

### ***Qualified Opinion***

We have audited the financial statements of Huntington Society of Canada (the "Society"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "**Basis for Qualified Opinion**" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, and its results of 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 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, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at March 31, 2021 and March 31, 2020
- the fundraising revenue and excess of revenue over expenses reported in the statements of operations for the years ended March 31, 2021 and March 31, 2020
- the fund balances, at the beginning and end of the year, reported in the statement of changes in fund balances for the years ended March 31, 2021 and March 31, 2020



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- the excess of revenue over expenses reported in the statements of cash flows for the years ended March 31, 2021 and March 31, 2020
- Our opinion on the financial statements for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Society 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 qualified opinion.

### ***Responsibilities of Management and Those Charged With Governance 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.

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

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

### ***Auditors' 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 auditors' 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 the 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.



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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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
August 17, 2021

# HUNTINGTON SOCIETY OF CANADA

## Statement of Financial Position

Year ended March 31, 2021, with comparative information for 2020

	General Fund	Capital Assets Fund	Endowment Fund	Ralph Walker Research Fund	Total 2021	Total 2020
<b>Assets</b>						
Current assets:						
Cash (note 2)	\$ 1,021,918	\$ -	\$ -	\$ -	\$ 1,021,918	\$ 870,424
Investments (note 4)	-	-	1,736,024	1,250,508	2,986,532	2,642,350
Accounts receivable (note 3)	259,832	-	-	-	259,832	134,130
Due to (from) other funds	(493,372)	-	193,067	300,305	-	-
Prepaid expenses	77,529	-	-	-	77,529	99,161
	865,907	-	1,929,091	1,550,813	4,345,811	3,746,065
Capital assets (note 5)	-	67,673	-	-	67,673	77,032
	\$ 865,907	\$ 67,673	\$ 1,929,091	\$ 1,550,813	\$ 4,413,484	\$ 3,823,097
<b>Liabilities and Fund Balances</b>						
Current liabilities:						
Accounts payable and accrued liabilities (note 6)	\$ 137,909	\$ -	\$ -	\$ -	\$ 137,909	\$ 160,818
Deferred revenue (note 7)	153,686	-	-	-	153,686	309,305
	291,595	-	-	-	291,595	470,123
Deferred lease inducement	14,037	-	-	-	14,037	17,699
	305,632	-	-	-	305,632	487,822
Fund Balances:						
General Fund	560,275	-	-	-	560,275	298,552
Capital Assets Fund	-	67,673	-	-	67,673	77,032
Endowment Fund	-	-	1,929,091	-	1,929,091	1,755,311
Laura's Hope Fund	-	-	-	-	-	18,780
Ralph Walker Research Fund	-	-	-	1,550,813	1,550,813	1,185,600
	560,275	67,673	1,929,091	1,550,813	4,107,852	3,335,275
Commitments (note 8)						
COVID-19 impacts (note 13)						
	\$ 865,907	\$ 67,673	\$ 1,929,091	\$ 1,550,813	\$ 4,413,484	\$ 3,823,097

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# HUNTINGTON SOCIETY OF CANADA

## Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	General Fund	Capital Assets Fund	Endowment Fund	Ralph Walker Research Fund	Total 2021	Total 2020
<b>Revenue:</b>						
Donations	\$ 1,222,169	\$ -	\$ -	\$ 469,170	\$ 1,691,339	\$ 1,860,075
Grants	100,618	-	-	164,876	265,494	609,565
Chapter and volunteer fundraising revenue (note 9)	741,811	-	-	1,510	743,321	1,277,055
Investment income (note 10)	83,862	-	-	58,277	142,139	93,137
Change in fair value of investments	-	-	173,780	120,763	294,543	(147,319)
Other income (note 13)	820,912	-	-	-	820,912	93,212
	2,969,372	-	173,780	814,596	3,957,748	3,785,725
<b>Expenses:</b>						
Research	52,080	-	-	528,163	580,243	915,092
Family services	1,187,710	-	-	-	1,187,710	1,343,180
Public awareness and education	235,914	-	-	-	235,914	321,007
Chapter and volunteer support	192,625	-	-	-	192,625	170,182
Development	301,186	-	-	-	301,186	388,691
Chapter and volunteer fundraising expenses (note 9)	139,524	-	-	-	139,524	250,944
Administration	531,084	-	-	-	531,084	672,232
Amortization	-	16,885	-	-	16,885	10,359
	2,640,123	16,885	-	528,163	3,185,171	4,071,687
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 329,249</b>	<b>\$ (16,885)</b>	<b>\$ 173,780</b>	<b>\$ 286,433</b>	<b>\$ 772,577</b>	<b>\$ (285,962)</b>

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Statement of Changes in Fund Balances

Year ended March 31, 2021, with comparative information for 2020

	General Fund	Capital Assets Fund	Endowment Fund	Laura's Hope Fund	Ralph Walker Research Fund	2021	2020
Fund balances, beginning of year	\$ 298,552	\$ 77,032	\$ 1,755,311	\$ 18,780	\$ 1,185,600	\$ 3,335,275	\$ 3,621,237
Excess (deficiency) of revenue over expenses	329,249	(16,885)	173,780	-	286,433	772,577	(285,962)
Interfund transfers (note 11)	(67,526)	7,526	-	(18,780)	78,780	-	-
Fund balances, end of year	\$ 560,275	\$ 67,673	\$ 1,929,091	\$ -	\$ 1,550,813	\$ 4,107,852	\$ 3,335,275

See accompanying notes to financial statements.

# HUNTINGTON SOCIETY OF CANADA

## Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (applied to):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 772,577	\$ (285,962)
Items not involving cash:		
Change in fair value of investments	(294,543)	147,319
Amortization	16,885	10,359
Deferred lease inducement	(3,662)	17,699
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(125,702)	(104,019)
Prepaid expenses	21,632	(3,011)
Accounts payable and accrued liabilities	(22,909)	80,655
Deferred revenue	(155,619)	(180,536)
	208,659	(317,496)
Investments:		
Purchase of capital assets	(7,526)	(67,791)
Sale (purchase) of investments, net	(49,639)	248,248
	(57,165)	180,457
Increase (decrease) in cash	151,494	(137,039)
Cash, beginning of year	870,424	1,007,463
Cash, end of year	\$ 1,021,918	\$ 870,424

See accompanying notes to financial statements.



# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements

Year ended March 31, 2021

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The Huntington Society of Canada (the “Society”) is a national network of volunteers and professionals united in the fight against Huntington disease (“HD”). As a not-for-profit organization, incorporated under the laws of Canada, the Society seeks to maximize the quality of life of people living with HD by delivering services, increasing awareness of the disease, and supporting research to slow and prevent HD.

The Society is a registered charity under the Income Tax Act (Canada) and is, therefore, exempt from income taxes.

## 1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook Part III - Canadian accounting standards for not-for-profit organizations.

### (a) Fund accounting:

The financial statements include the operations of the National Office of the Society and its Resource Centres across Canada, and are prepared using the restricted fund method for contributions.

The General Fund is an unrestricted fund used at the discretion of the Board of Directors to fulfill the mission of the Society in all areas, including research, family services, public awareness and education, chapter and volunteer support, development, chapter and volunteer fundraising, and administration. All undesignated donations are recorded in this fund.

The Capital Assets Fund is an internally restricted fund used for the acquisition, amortization, and disposal of capital assets, as well as financing costs.

The Endowment Fund is an internally and externally restricted fund. Donations received which the donor has designated specifically for endowment purposes (externally restricted) represents less than 10% of the Fund. The remainder of the Fund is internally restricted by the Board of Directors. In exceptional circumstances, and subject to approval of two-thirds of the Board of Directors of the Society, funds may be transferred from the capital of the Endowment Fund to the General Fund to finance special projects or unbudgeted annual deficits. Annual investment income earned on the Endowment Fund is used to fund operational expenditures.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (a) Fund accounting (continued):

The Laura's Hope Fund was an externally restricted fund established in honour of Laura Evans by her parents in 2003. The purpose of this fund was to support pre-clinical and/or clinical research towards developing a treatment or a cure for Huntington disease, and revenues specifically designated by donors to this fund have been restricted for this purpose.

The Fund has been largely inactive in the last several years, therefore, during the fiscal year, the Laura's Hope Fund was closed (with no objections from the donor) and the remaining funds were transferred to the Ralph Walker Research Fund. The mandate of the Ralph Walker Fund is similar to that of the Laura's Hope Fund, although less restrictive regarding research funding.

The Ralph Walker Research Fund is an internally restricted fund established in 1983 to commemorate the 10<sup>th</sup> anniversary of the Huntington Society of Canada and to pay tribute to the Society's founder, Ralph Walker. Revenues specifically designated by donors to this fund have been restricted for research, along with any related expenses.

### (b) Revenue recognition:

The Society follows the restricted fund method of accounting for donations.

Unrestricted and restricted donations are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted donations for which there is no separate fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Deferred revenue represents the unamortized and unspent amount of donations and grants received for the purchase of capital assets and/or specific services. The amortization of deferred revenue is recorded as revenue in the statement of operations.

Donations to the Endowment Fund are recognized as revenue in the Endowment Fund. Investment and interest income earned by the Endowment fund is recognized as revenue in the General Fund.

Chapter and volunteer fundraising revenue is recognized as revenue when received or receivable and when the fundraising event takes place.

### (c) Donated materials and services:

Donated materials and services, which would otherwise be paid by the Society, are recorded at fair value when determinable. A substantial number of volunteers have made significant contributions of their time to the Society's program and support services. The value of this contributed time is not reflected in these financial statements.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost. Equity instruments that are quoted in an active market are subsequently measured at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets 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 indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances improve in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Capital assets:

Capital assets are capitalized and stated at cost. Amortization is provided using the following methods and rates:

Asset	Basis	Year/Rate
Computer equipment and software	Straight-line	over 3 years
Office furniture and equipment	Declining balance	12%
Leasehold improvements	Straight-line over life of lease	over 5 years, 4 months

### (f) Impairment of long-lived assets:

Long-lived assets, including equipment, are amortized over their useful lives. The Society periodically reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Society reviews, for impairment, long-lived assets (and asset groups) to be held and used whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (g) Lease inducements:

Lease incentives, such as rent-free periods, are deferred and amortized over the related lease term as a reduction to rent expense.

### (h) Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the year. Actual results could differ from those estimates.

The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, and accrued liabilities.

## 2. Operating line:

The Society has a revolving credit facility available up to a maximum of \$150,000 pursuant to an agreement with its lender. The facility is a demand operating line whereby \$10,000 increments can be drawn up to the \$150,000 limit. Each advance under the credit facility bears interest at the prime rate. As at March 31, 2021, the Society has no outstanding balance on the operating line (2020 - \$nil).

## 3. Accounts receivable:

	2021	2020
Accounts receivable	\$ 80,494	\$ 47,069
Canada Emergency Wage Subsidy	125,544	-
GST/HST receivable	50,619	86,766
Accrued interest receivable	3,175	295
<b>Total</b>	<b>\$ 259,832</b>	<b>\$ 134,130</b>

No allowance for impairment of accounts receivable has been recorded at March 31, 2021 (2020 - \$nil).

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

## 4. Investments:

Investments consist of the following:

	2021	2020
Global Balanced Fund	\$ 2,586,532	\$ 2,392,350
Treasury Bills and Guaranteed Investment Certificates	400,000	250,000
<b>Total</b>	<b>\$ 2,986,532</b>	<b>\$ 2,642,350</b>

Guaranteed investment certificates held during the year yield interest in a range of 0.05% to 1.50% (2020 – 1.5% to 1.59%) and have maturity dates of May 2021 and March 2022.

## 5. Capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment and software	\$ 181,560	\$ 172,837	\$ 8,723	\$ 6,234
Office furniture and equipment	68,487	35,035	33,452	38,015
Leasehold improvements	36,426	10,928	25,498	32,783
<b>Total</b>	<b>\$ 286,473</b>	<b>\$ 218,800</b>	<b>\$ 67,673</b>	<b>\$ 77,032</b>

Amortization for the year was \$16,885 (2020 - \$10,359).

## 6. Accounts payable and accrued liabilities:

Government remittances payable included in accounts payable and accrued liabilities was \$nil (2020 - \$nil).

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

## 7. Deferred revenue:

	2021	2020
Balance, beginning of year	\$ 309,305	\$ 489,841
Add: contributions received	277,071	316,341
Less: contributions recognized as revenue	(432,690)	(284,877)
Less: transfer to Brain Canada	-	(212,000)
Balance, end of year	\$ 153,686	\$ 309,305

## 8. Commitments:

The following are operating lease payments for the Society's National Office, Resource Centres and equipment:

2022	\$ 146,207
2023	135,912
2024	135,912
2025	113,260
Total	\$ 531,291

## 9. Chapter and volunteer fundraising activities:

Chapter and volunteer fundraising consists of the following:

	Events	Gaming	2021	2020
Revenue	\$ 663,321	\$ 80,000	\$ 743,321	\$ 1,277,055
Expenses	139,524	-	139,524	250,944
Excess of revenue over expenses	\$ 523,797	\$ 80,000	\$ 603,797	\$ 1,026,111

Chapter and volunteer fundraising revenue and expenses include fair values for donated materials during the year totaling \$79 (2020 - \$2,798).

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

## 10. Investment income:

The original amount in the Endowment Fund was established by a grant from the Trillium Foundation to the Society. The income from this fund is to be used for general operations and is therefore reported in the General Fund.

	General Fund	Ralph Walker Research Fund	2021	2020
Investment income earned on:				
Endowment Fund	\$ 88,287	\$ -	\$ 88,287	\$ 261,698
Other investments	(4,425)	58,277	53,852	(168,561)
<b>Total</b>	<b>\$ 83,862</b>	<b>\$ 58,277</b>	<b>\$ 142,139</b>	<b>\$ 93,137</b>

## 11. Interfund transfers:

During the year, a transfer of \$7,526 was made from the General Fund to the Capital Assets Fund in order to fund the cash outlays for acquisitions of capital assets.

During the year, a \$60,000 transfer was made from the General Fund to the Ralph Walker Research Fund to cover clinical fellowship costs.

With the closure of the Laura's Hope Fund, during the year, the remaining assets of \$18,780 were transferred from the Laura's Hope Fund to the Ralph Walker Research Fund.

## 12. Financial instruments:

### (i) Market risk:

Market risk is the risk that a value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual instrument, its issuer, or all factors affecting all instruments traded in the market. To manage this risk, the Society has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerance.

### (ii) Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes on the Society's cash flows, financial position, and operations. Interest rate changes have a direct impact on the market valuation of the Society's fixed income securities. To manage this risk, the Society has established a target mix by investment types designed to achieve optimal return with reasonable risk tolerances.

# HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements, continued

Year ended March 31, 2021

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## 12. Financial instruments (continued):

### (iii) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted. The Society is not exposed to a concentration of credit risk relating to receivables.

### (iv) Currency risk:

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the Society's funds are invested in financial instruments and denominated in foreign currencies, which differ from the Society's measurement currency, the Canadian dollar. Consequently, the Society is exposed to risks that the exchange rate of the Canadian dollar will change in a manner that has an adverse effect on the value of the portion of the Society's assets and liabilities denominated in foreign currencies. The Society's overall currency positions and exposures are monitored by the Portfolio manager.

### (v) Liquidity risk:

Liquidity risk is the risk that the society will encounter difficulty in meeting obligations associated with financial liabilities. The Society believes that it is not exposed to significant liquidity risk as they have investments that are held in term deposits and guaranteed investment certificates that are highly liquid and can be disposed of to settle commitments.

## 13. COVID-19 impacts:

On March 11, 2020, the World Health Society declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

During the year, the Society has experienced the following in relation to the pandemic:

- The Society has applied for the Canada Emergency Wage Subsidy ("CEWS") funding of \$651,237. The CEWS funding has been recorded as other income on the statement of operations and \$125,544 is receivable at year end.
- In addition, the Society received rent subsidy of \$21,548 and is presented netted against administration expense on the statement of operations.
- Mandatory working from home requirements for those able to do so.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Society's operations and financial position is not known at this time. There remains uncertainty for the upcoming year regarding the aforementioned items. These impacts could include a decline in future cash flows, changes to the value of financial assets and liabilities, and the use of fund balances to sustain operations. An estimate of the financial effect of the pandemic on the Society is not practicable at this time.