

Financial Statements of

**HUNTINGTON SOCIETY
OF CANADA**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Directors of Huntington Society of Canada

Opinions, including Qualified Opinion on the Results of Operations and Cash Flows

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

- the statement of financial position as at March 31, 2022
- 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").

Unmodified Opinion on the Financial Position

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Society as at March 31, 2022 in accordance with Canadian accounting standards for not-for-profit organizations.

Qualified Opinion on the Results of Operations and Cash Flows

In our opinion, except for the possible effects on the comparative information of the matter described in the "***Basis for Qualified Opinions, including Basis for Qualified Opinion on the Results of Operations and Cash Flows***" section of our auditors' report, the accompanying statement of operations and statement of cash flows present fairly, in all material respects, the financial performance and cash flows of the Society for the year ended March 31, 2022 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinions, including Basis for Qualified Opinion on the Results of Operations and Cash Flows

In common with many not-for-profit organizations, the Society derives revenue from donations and fundraising, 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.



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Therefore, since opening cash enter into the determination of results of operations and cash flows, we were not able to determine whether adjustments might be necessary to:

- the excess of revenue over expenses reported in the statement operations for the year ended March 31, 2021
- the excess of revenue over expenses reported in the statement of changes in fund balances for the year ended March 31, 2021
- the components of cash flows from operating activities reported in the statement of cash flows for the year ended March 31, 2021.

Our opinion on the results of operations and cash flows for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

As a result, our opinion on the results of operations and cash flows for the year ended March 31, 2022 is also qualified because of the possible effects of this matter on the comparability of the current period's figures to the comparative information.

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 unmodified opinion on the financial position and our qualified opinion on the results of operations and cash flows.

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 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.



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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 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 blue ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 12, 2022

HUNTINGTON SOCIETY OF CANADA

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	General Fund	Capital Asset Fund	Endowment Fund	Ralph Walker Research Fund	2022 Total	2021 Total
Assets						
Current assets:						
Cash (note 2)	\$ 1,049,091	\$ -	\$ -	\$ -	\$ 1,049,091	\$ 1,021,918
Investments (note 3)	-	-	1,824,045	1,587,837	3,411,882	2,986,532
Accounts receivable (note 4)	78,283	-	-	-	78,283	259,832
Interfund receivable (payable)	(198,701)	-	-	198,701	-	-
Prepaid expenses	84,959	-	-	-	84,959	77,529
	1,013,632	-	1,824,045	1,786,538	4,624,215	4,345,811
Capital assets (note 5)	-	68,696	-	-	68,696	67,673
	\$ 1,013,632	\$ 68,696	\$ 1,824,045	\$ 1,786,538	\$ 4,692,911	\$ 4,413,484
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities (note 6)	\$ 82,734	\$ -	\$ -	\$ -	\$ 82,734	\$ 137,909
Deferred revenue (note 7)	153,572	-	-	-	153,572	153,686
	236,306	-	-	-	236,306	291,595
Deferred lease inducement	10,377	-	-	-	10,377	14,037
	246,683	-	-	-	246,683	305,632
Fund balances:						
General Fund	766,949	-	-	-	766,949	560,275
Capital Assets Fund	-	68,696	-	-	68,696	67,673
Endowment Fund	-	-	1,824,045	-	1,824,045	1,929,091
Ralph Walker Research Fund	-	-	-	1,786,538	1,786,538	1,550,813
	766,949	68,696	1,824,045	1,786,538	4,446,228	4,107,852
Commitments (note 11)						
	\$ 1,013,632	\$ 68,696	\$ 1,824,045	\$ 1,786,538	\$ 4,692,911	\$ 4,413,484

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

HUNTINGTON SOCIETY OF CANADA

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	General Fund	Capital Assets Fund	Endowment Fund	Ralph Walker Research Fund	2022	2021
Revenue:						
Donations	\$ 1,348,407	\$ -	\$ 5,000	\$ 422,447	\$ 1,775,854	\$ 1,691,339
Chapter and volunteer fundraising revenue (note 8)	992,656	-	-	6,840	999,496	743,321
Investment income (note 9)	118,962	-	-	77,345	196,307	142,139
Grants	75,670	-	-	1,713	77,383	265,494
Change in fair value of investments	-	-	(120,046)	(78,050)	(198,096)	294,543
Other income	421,730	-	-	-	421,730	820,912
	<u>2,957,425</u>	<u>-</u>	<u>(115,046)</u>	<u>430,295</u>	<u>3,272,674</u>	<u>3,957,748</u>
Expenses:						
Research	36,154	-	-	194,570	230,724	580,243
Family services	1,221,017	-	-	-	1,221,017	1,187,710
Public awareness and education	249,163	-	-	-	249,163	235,914
Chapter and volunteer support	158,213	-	-	-	158,213	192,625
Development	301,547	-	-	-	301,547	301,186
Chapter and volunteer fundraising expenses (note 8)	168,021	-	-	-	168,021	139,524
Administration	587,081	-	-	-	587,081	531,084
Capital assets fund expenses	-	18,532	-	-	18,532	16,885
	<u>2,721,196</u>	<u>18,532</u>	<u>-</u>	<u>194,570</u>	<u>2,934,298</u>	<u>3,185,171</u>
Excess (deficiency) of revenue over expenses	\$ 236,229	\$ (18,532)	\$ (115,046)	\$ 235,725	\$ 338,376	\$ 772,577

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Changes in Fund Balances

Year ended March 31, 2022, with comparative information for 2021

	General Fund	Capital Assets Fund	Endowment Fund	Ralph Walker Research Fund	2022	2021
Fund balances, beginning of year	\$ 560,275	\$ 67,673	\$ 1,929,091	\$ 1,550,813	\$ 4,107,852	\$ 3,335,275
Excess (deficiency) of revenue over expenses	236,229	(18,532)	(115,046)	235,725	338,376	772,577
Interfund transfers (note 10)	(29,555)	19,555	10,000	-	-	-
Fund balances, end of year	\$ 766,949	\$ 68,696	\$ 1,824,045	\$ 1,786,538	\$ 4,446,228	\$ 4,107,852

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 338,376	\$ 772,577
Items not involving cash:		
Change in fair value of investments	198,096	(294,543)
Amortization	18,532	16,885
Deferred lease inducement	(3,662)	(3,662)
Changes in non-cash operating working capital:		
Accounts receivable	181,549	(125,702)
Prepaid expenses	(7,430)	21,632
Accounts payable and accrued liabilities	(55,175)	(22,909)
Deferred revenue	(114)	(155,619)
	670,172	208,659
Investing:		
Purchase of capital assets	(19,555)	(7,526)
Purchase of investments, net	(623,444)	(49,639)
	(642,999)	(57,165)
Increase in cash	27,173	151,494
Cash, beginning of year	1,021,918	870,424
Cash, end of year	\$ 1,049,091	\$ 1,021,918

See accompanying notes to financial statements.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements

Year ended March 31, 2022

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.

The Ralph Walker Research Fund is an internally restricted fund established in 1983 to commemorate the 10th 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.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Society follows the restricted fund method of accounting for contributions which include donations and government grants.

Unrestricted and restricted donations and grants 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) Capital assets:

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

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

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

(d) Deferred lease inducements:

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

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Significant accounting policies (continued):

(e) 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.

(f) 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.

(g) 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.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

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, 2022, the Society has no outstanding balance on the operating line (2021 - \$nil).

3. Investments:

Investments consist of the following:

	2022	2021
Global Balanced Fund	\$ 3,111,882	\$ 2,586,532
Guaranteed Investment Certificates	300,000	400,000
	<u>\$ 3,411,882</u>	<u>\$ 2,986,532</u>

Guaranteed investment certificate held during the year yields interest of 0.55% (2021 – 0.05% to 1.50%) and has a maturity date of November 2022.

4. Accounts receivable:

	2022	2021
Accounts receivable	\$ 46,508	\$ 80,494
Canada Emergency Wage Subsidy	2,749	125,544
GST/HST receivable	28,457	50,619
Accrued interest receivable	569	3,175
	<u>\$ 78,283</u>	<u>\$ 259,832</u>

An allowance for impairment of accounts receivable has been recorded at March 31, 2022 for \$6,000 (2021 - \$nil).

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Capital assets:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	\$ 187,010	\$ 165,964	\$ 21,046	\$ 8,723
Office furniture and equipment	68,487	39,050	29,437	33,452
Leasehold improvements	36,426	18,213	18,213	25,498
	<u>\$ 291,923</u>	<u>\$ 223,227</u>	<u>\$ 68,696</u>	<u>\$ 67,673</u>

Amortization for the year was \$18,532 (2021 - \$16,885).

6. Accounts payable and accrued liabilities:

Government remittances payable included in accounts payable and accrued liabilities was \$nil (2021 - \$nil).

7. Deferred revenue:

	2022		2021	
Balance, beginning of year	\$	153,686	\$	309,305
Add: contributions received		271,867		277,071
Less: contributions recognized as revenue		(271,981)		(432,690)
Balance, end of year	\$	<u>153,572</u>	\$	<u>153,686</u>

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Chapter and volunteer fundraising activities:

Chapter and volunteer fundraising consists of the following:

	Events	Gaming	2022	2021
Revenue	\$ 838,282	\$ 171,979	\$ 1,010,261	\$ 743,321
Expenses	(165,690)	(2,331)	(168,021)	(139,524)
Excess of revenue over expenses	\$ 672,592	\$ 169,648	\$ 842,240	\$ 603,797

Chapter and volunteer fundraising revenue and expenses include fair values for donated materials during the year totaling \$1,000 (2021 - \$79).

9. 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	2022	2021
Investment income earned on:				
Endowment Fund	\$ 121,844	\$ -	\$ 121,844	\$ 88,287
Other investments	(2,882)	77,345	74,463	53,852
	\$ 118,962	\$ 77,345	\$ 196,307	\$ 142,139

10. Interfund transfers:

During the year, a transfer of \$19,555 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 \$10,000 transfer was made from the General Fund to the Endowment Fund representing endowed donations received.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

11. Commitments:

The following are operating lease payments and research grants committed by the Society:

	Lease agreements	Research grants	Total
2023	\$ 140,544	\$ 145,000	\$ 285,544
2024	135,912	-	135,912
2025	113,260	-	113,260
	\$ 389,716	\$ 145,000	\$ 534,716

12. Financial risks:

(a) 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.

(b) 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.

(c) 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.

HUNTINGTON SOCIETY OF CANADA

Notes to Financial Statements (continued)

Year ended March 31, 2022

12. Financial risks: (continued):

(d) 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.

(e) Interest rate:

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.

(f) Implications due to COVID-19:

On March 11, 2020, the World Health Organization 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.

The Society has applied for the Canada Emergency Wage Subsidy ("CEWS") funding of \$347,257 (2021 - \$651,237). The CEWS funding has been recorded as other income on the statement of operations and \$2,749 (2021 - \$125,544) is receivable at year end.

In addition, the Society received rent subsidy of \$33,622 (2021 - \$21,548) and is presented netted against administration expense on the statement of operations.

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.

There has been no change to the risk exposures from 2021.