

Tourette Syndrome Foundation of Canada
Financial Statements
For the year ended May 31, 2021

Tourette Syndrome Foundation of Canada Contents

For the year ended May 31, 2021

	<i>Page</i>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations.....	2
Statement of Changes in Fund Balances.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements	5

To the Members of Tourette Syndrome Foundation of Canada:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Tourette Syndrome Foundation of Canada (the "Foundation"), which comprise the statement of financial position as at May 31, 2021, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of 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 May 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 Qualified Opinion

In common with many not-for-profit organizations the Foundation 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenditures, and cash flows from operations for the year end May 31, 2021, current assets and fund balances as at May 31, 2021. The predecessor auditor's opinion on the financial statements for the year ended May 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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 qualified opinion.

Other Matter

The financial statements of the Foundation for the year ended May 31, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on November 30, 2020 for the reasons described in the *Basis for Qualified Opinion* section.

Responsibilities of Management 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.

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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a consistent basis with that of the previous year.

Surrey, British Columbia

November 23, 2021

MNP LLP

Chartered Professional Accountants

Tourette Syndrome Foundation of Canada

Statement of Financial Position

As at May 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents	346,762	229,908
Accounts receivable	16,307	19,795
Prepaid expenses	3,175	4,214
Goods and services tax recoverable	7,849	1,149
	374,093	255,066
Property and equipment (Note 3)	4,220	4,138
	378,313	259,204
Liabilities		
Current		
Accounts payable and accruals	18,649	24,694
Deferred contributions	1,500	1,500
Government remittances payable	4,298	2,368
	24,447	28,562
Canada Emergency Business Account loan (Note 4)	40,000	40,000
	64,447	68,562
Available credit facilities (Note 5)		
Fund Balances		
General Fund	313,866	190,642
	378,313	259,204

Approved on behalf of the Board of Directors

e-Signed by Rob Karpati
2021-11-23 18:41:16:16 GMT

Director

e-Signed by Ken Shyminsky
2021-11-23 22:58:38:38 GMT

Director

The accompanying notes are an integral part of these financial statements

Tourette Syndrome Foundation of Canada
Statement of Operations
For the year ended May 31, 2021

	2021	2020
<hr/>		
Revenue		
Donations	90,570	49,087
Fundraising	13,139	520,584
Grant revenue	40,000	-
Interest income	1,093	1,807
Memberships	5,871	3,920
Nevada ticket revenue	83,071	78,358
Product sales	7,376	30,832
	<hr/>	<hr/>
	241,120	684,588
<hr/>		
Expenses		
Advertising and promotion	18,945	16,959
Amortization	1,498	2,862
Bank charges	4,495	10,288
Bursary	-	12,644
Contractor Fees	11,316	18,105
Insurance	4,252	4,981
Fundraising	28,521	475,115
Nevada ticket and related expenses	28,979	31,004
Occupancy costs	6,227	8,220
Office	7,081	2,030
Postage	2,854	2,791
Printing and photocopying	2,350	6,481
Product costs	-	8,989
Professional fees	7,542	16,544
Salaries and benefits	50,019	95,011
Telephone	10,758	12,317
Travel	-	12,355
Volunteer recognition and development	-	395
	<hr/>	<hr/>
	184,837	737,091
<hr/>		
Excess (deficiency) of revenues over expenditures from operating activities	56,283	(52,503)
<hr/>		
Other Income		
Forgivable portion of Canada Emergency Business Account	20,000	-
Recovery (payment) of due to affiliates <i>(Note 8)</i>	46,941	(23,340)
	<hr/>	<hr/>
	66,941	(23,340)
<hr/>		
Excess (deficiency) of revenues over expenses	123,224	(75,843)
<hr/>		

The accompanying notes are an integral part of these financial statements

Tourette Syndrome Foundation of Canada Statement of Changes in Fund Balances

For the year ended May 31, 2021

	<i>2021</i>	<i>2020</i>
Fund balance, beginning of year	190,642	266,485
Excess (deficiency) of revenues over expenses	123,224	(75,843)
Fund balance, end of year	313,866	190,642

The accompanying notes are an integral part of these financial statements

Tourette Syndrome Foundation of Canada
Statement of Cash Flows
For the year ended May 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	123,224	(75,843)
Amortization	1,498	2,862
	124,722	(72,981)
Changes in working capital accounts		
Accounts receivable	3,488	(9,256)
Goods and services tax recoverable	(6,700)	26,706
Prepaid expenses	1,039	11,926
Accounts payable and accruals	(6,045)	(4,063)
Deferred contributions	-	(11,425)
Government remittances payable	1,930	(832)
	118,434	(59,925)
Financing		
Advances of Canada Emergency Business Account Loan	-	40,000
Investing		
Purchase of property and equipment	(1,580)	-
Increase (decrease) in cash resources	116,854	(19,925)
Cash resources, beginning of year	229,908	249,833
Cash resources, end of year	346,762	229,908

The accompanying notes are an integral part of these financial statements

Tourette Syndrome Foundation of Canada

Notes to the Financial Statements

For the year ended May 31, 2021

1. Incorporation and nature of the Foundation

Tourette Syndrome Foundation of Canada (the "Foundation") is a not-for-profit organization incorporated federally under the Canada Not-for-profit Corporations Act. The Foundation is registered as a not-for-profit organization and thus is exempt from income taxes under Section 149(1) of the Canadian Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Foundation must meet certain requirements in the Act. In the opinion of management, the requirements have been met.

The Foundation operates to provide services to improve the quality of life for those with or affected by Tourette Syndrome through education and various awareness programs such as advocacy, self-help and the promotion of research. The Foundation comprises of a national head office and regional affiliates (chapters, resource units and contact representatives) located in various provinces throughout Canada.

Impact on operations of COVID-19 (Coronavirus)

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world. Governments worldwide have enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine period and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The Foundation experienced a reduction in operating activities as a result of COVID for the year ended May 31, 2021, with significant decreases in revenues and expenditures in comparison to prior years' operations, with the reduction in revenue partially offset through receipt of government assistance. The extent and duration of the impact of COVID-19 remains unknown, it is anticipated that this outbreak may cause supply chain disruptions, staff shortages, and increased government regulations, all of which could negatively impact the Foundation's operations and financial condition.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Measurement uncertainty (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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

Management has recorded government assistance based upon their assessment of having met the qualifying criteria.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the year in which they become known.

Revenue recognition

The Foundation uses the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tourette Syndrome Foundation of Canada

Notes to the Financial Statements

For the year ended May 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Other revenue is recognized when the goods or services are provided and collection is reasonably assured. Interest income is recognized on the accrual basis.

Fund accounting

The General Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. During the year, there were no other funds in use.

Property and equipment

Purchased capital assets are recorded at cost. Amortization is provided using the declining balance at rates intended to amortize the cost of assets over their estimated useful lives. The amortization rates of the Foundation are 55% annually for computer and equipment and 20% annually for furniture and fixtures and office equipment.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The Foundation has not made such an election during the year. The Foundation subsequently measures financial assets and liabilities at amortized cost, with transaction costs and financing added to the carrying amount of the Foundation's financial instruments.

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

Government assistance

Government grants and assistance are recognized as a reduction of the related expense in the period in which there is reasonable assurance that the grant has become receivable and all conditions, if any, have been satisfied.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

3. Property and equipment

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Computer equipment	118,116	116,975	1,141	1,880
Furniture and fixtures	37,852	37,852	-	289
Office equipment	10,985	7,906	3,079	1,969
	166,953	162,733	4,220	4,138

Tourette Syndrome Foundation of Canada

Notes to the Financial Statements

For the year ended May 31, 2021

4. Canada Emergency Business Account

During the year, the Foundation received a \$20,000 (2020 - \$40,000) loan with TD Canada Trust under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA loan is non-interest bearing, can be repaid at any time without penalty and is valid until December 31, 2022. A maximum \$20,000 of the loan will be forgiven if repaid by December 31, 2022.

Government assistance received relating to acquiring the CEBA loan was recorded as described in the significant accounting policies note. The Foundation anticipates they will meet the loan forgiveness requirements.

5. Available credit facilities

The Foundation has demand operating facility in the amount of \$50,000. The facility is secured by a general security agreement, bearing interest at prime plus 1% and an assignment of term deposits and other credit balances registered in the name of the Foundation in the amount of \$50,000. At the year end date, this facility was not drawn upon (2020 - NIL).

6. Vancouver Foundation Endowment Fund

The Vancouver Foundation has an endowment fund which was established through funds received from Tourette Canada in 2009. The capital amount of the endowment fund at May 31, 2021 was \$23,830 (2020 - \$23,830). Any income earned on the endowment fund by the Vancouver Foundation can be distributed to the Foundation. The endowment fund is a legal asset of the Vancouver Foundation.

7. Government grants

The Foundation has applied for COVID-19 financial relief under the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent ("CERS") programs. The CEWS program is a wage subsidy program implemented by the Canadian federal government to qualified Canadian employers to subsidize payroll costs during the COVID-19 pandemic. The CERS program is a rent subsidy program implemented by the Canadian federal government to qualified Canadian employers to subsidize rental costs during the COVID-19 pandemic. The qualified subsidy amounts received under the CEWS and CERS programs are non-repayable. As at May 31, 2021, the Foundation's salary and benefits expense has been presented net of CEWS subsidies of \$37,735 (2020 - \$8,825), and the Foundation's occupancy costs presented net of CERS subsidies of \$2,744 (2020 - \$NIL).

Additionally, the Foundation has applied for and received \$60,000 through the Canada Emergency Business Account ("CEBA"), a Canadian federal government interest-free loan program, with loan forgiveness of up to \$20,000 provided the loans are repaid on or before December 31, 2022. The Foundation anticipates repayment of the loan prior to December 31, 2022, and as such, the amount to be forgiven of \$20,000 has been reflected as other income in the Foundations statement of operations.

8. Recovery of due to affiliates

During the year ended May 31, 2020, the Foundation disbursed \$23,340 to its national chapter organizations, resulting in an ending due to affiliates liability of \$46,941. During the year ended May 31, 2021, the Board of Directors determined the accumulated funds were to be used for the Foundation's operating activities, and as such, the due to affiliates liability of \$46,941 has been extinguished, and reflected as other income in the Foundation's statement of operations.

9. Financial instruments

The Foundation, is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of May 31, 2021.

9. Financial instruments *(Continued from previous page)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rate. In seeking to minimize the risks from interest rate fluctuation, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its floating interest rate debt and credit facility.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant credit risk, market risk, currency risk or other price risk arising from these financial instruments.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligation associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its long term debt, and accounts payable and accrued liabilities.

10. Comparative figures

Some of the comparative figures have been reclassified to conform with current year presentation.