

Tourette Syndrome Foundation of Canada
Financial Statements
For the year ended May 31, 2022

Tourette Syndrome Foundation of Canada Contents

For the year ended May 31, 2022

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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, 2022, 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, 2022, and its financial performance 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 donations and 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 donations and fundraising revenue, excess (deficiency) of revenues over expenditures, and cash flows from operations for the year end May 31, 2022, current assets and fund balances as at May 31, 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 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 Societies 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

October 6, 2022

MNP LLP

Chartered Professional Accountants

Tourette Syndrome Foundation of Canada

Statement of Financial Position

As at May 31, 2022

| | 2022 | 2021 |
|--|----------------|----------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 172,723 | 293,665 |
| Contributions and accounts receivable | 11,597 | 16,307 |
| Prepaid expenses and deposits | - | 3,175 |
| Goods and services tax recoverable | 8,026 | 7,849 |
| | 192,346 | 320,996 |
| Term deposit (Note 3) | 50,000 | 53,097 |
| Property and equipment (Note 4) | 4,110 | 4,220 |
| | 246,456 | 378,313 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 20,656 | 18,649 |
| Deferred contributions | - | 1,500 |
| Government remittances payable | 5,637 | 4,298 |
| | 26,293 | 24,447 |
| Canada Emergency Business Account Loan (Note 5) | 40,000 | 40,000 |
| | 66,293 | 64,447 |
| Available credit facility (Note 7) | | |
| Fund Balances | | |
| General Fund | 180,163 | 313,866 |
| | 246,456 | 378,313 |

Approved on behalf of the Board of Directors

e-Signed by Cameron Kroeker

2022-10-06 21:02:48:48 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, 2022

| | 2022 | 2021 |
|--|------------------|----------------|
| Revenue | | |
| Donations | 82,345 | 90,570 |
| Fundraising | 15,411 | 13,139 |
| Grant revenue | - | 40,000 |
| Investments | 1,133 | 1,093 |
| Memberships | 6,630 | 5,871 |
| Nevada ticket revenue | 56,770 | 83,071 |
| Product sales | 14,232 | 7,376 |
| | 176,521 | 241,120 |
| Expenses | | |
| Advertising and promotion | 28,389 | 18,945 |
| Amortization | 1,750 | 1,498 |
| Bank charges | 2,775 | 4,495 |
| Contractor Fees | 7,366 | 11,316 |
| Insurance | 5,231 | 4,252 |
| Fundraising | 34,954 | 28,521 |
| Nevada ticket and related expenses | 22,080 | 28,979 |
| Occupancy costs | 7,311 | 6,227 |
| Office | 3,556 | 7,081 |
| Postage | 1,809 | 2,854 |
| Printing and photocopying | - | 2,350 |
| Professional fees | 19,069 | 7,542 |
| Salaries and benefits | 165,125 | 50,019 |
| Telephone | 10,632 | 10,758 |
| Travel | 177 | - |
| | 310,224 | 184,837 |
| Excess (deficiency) of revenues over expenditures from operating activities | (133,703) | 56,283 |
| Other Income | | |
| Forgivable portion of Canada Emergency Business Account <i>(Note 5)</i> | - | 20,000 |
| Recovery of due to affiliates <i>(Note 6)</i> | - | 46,941 |
| | - | 66,941 |
| Excess (deficiency) of revenues over expenses | (133,703) | 123,224 |

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, 2022

| | 2022 | 2021 |
|--|------------------|-------------|
| Fund balance, beginning of year | 313,866 | 190,642 |
| Excess (deficiency) of revenues over expenses | (133,703) | 123,224 |
| Fund balance, end of year | 180,163 | 313,866 |

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, 2022

| | 2022 | 2021 |
|---|------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess (deficiency) of revenues over expenses | (133,703) | 123,224 |
| Amortization | 1,750 | 1,498 |
| | (131,953) | 124,722 |
| Changes in working capital accounts | | |
| Contributions and accounts receivable | 4,710 | 3,488 |
| Goods and services tax recoverable | (177) | (6,700) |
| Prepaid expenses | 3,175 | 1,039 |
| Accounts payable and accruals | 2,007 | (6,044) |
| Deferred contributions | (1,500) | - |
| Government remittances payable | 1,339 | 1,930 |
| | (122,399) | 118,435 |
| Investing | | |
| Increase in term deposit | - | (85) |
| Decrease in term deposit | 3,097 | - |
| Purchase of property and equipment | (1,640) | (1,580) |
| Increase (decrease) in cash resources | (120,942) | 116,770 |
| Cash resources, beginning of year | 293,665 | 176,895 |
| Cash resources, end of year | 172,723 | 293,665 |

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, 2022

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 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, 2022, with significant decreases in revenues 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.

Contributions and 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 (deficiency) of revenues over expenses in the year in which they become known.

Tourette Syndrome Foundation of Canada

Notes to the Financial Statements

For the year ended May 31, 2022

2. Significant accounting policies (Continued from previous page)

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.

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. 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 financial instruments when the Foundation becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value. At initial recognition, the Foundation may irrevocably elect to subsequently measure any arm's length 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 fees added to the carrying amount of the Foundation's financial instruments.

Transaction costs and financing fees are added to the carrying amount of the Foundation's financial instruments.

Financial asset impairment

The Foundation assesses impairment of all its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. 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 at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment is included in current year excess (deficiency) 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 excess (deficiency) of revenues over expenses 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.

Tourette Syndrome Foundation of Canada

Notes to the Financial Statements

For the year ended May 31, 2022

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

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. Term deposit

The Foundation's term deposit bears interest at 2.00% and matures in May 2023. The term deposit is held as security for the Foundation's available credit facility as disclosed in Note 7 to the financial statements.

4. Property and equipment

| | Cost | Accumulated amortization | 2022 Net book value | 2021 Net book value |
|------------------------|----------------|-------------------------------------|------------------------------------|------------------------------------|
| Computer equipment | 119,756 | 118,351 | 1,405 | 1,141 |
| Furniture and fixtures | 37,852 | 37,852 | - | - |
| Office equipment | 10,985 | 8,280 | 2,705 | 3,079 |
| | 168,593 | 164,483 | 4,110 | 4,220 |

5. Canada Emergency Business Account

In prior years, the Foundation received a \$60,000 loan 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, with \$20,000 of the loan forgiven if repaid by December 31, 2023. The Foundation anticipates they will meet the loan forgiveness requirements, and as such, the forgivable portion has been reflected as other income in prior year's statement of operations.

6. 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.

7. Available credit facility

The Foundation has available a demand operating facility to a maximum of \$50,000. The facility bears interest at the financial institution's prime lending rate plus 1%, is secured by a general security agreement and an assignment of term deposits and other credit balances registered in the name of the Foundation in the amount of \$50,000. As at May 31, 2022, this facility was not drawn upon (2021 - Nil).

8. 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.

Tourette Syndrome Foundation of Canada

Notes to the Financial Statements

For the year ended May 31, 2022

9. 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. For the year ended May 31, 2022, the Foundation's salary and benefits expense has been presented net of CEWS subsidies of \$20,699 (2021 - \$37,735), and the Foundation's occupancy costs presented net of CERS subsidies of \$1,457 (2021 - \$2,744).

The Foundation also received the Canada Summer Jobs wage subsidy from the Canadian federal government. Canada Summer Jobs ("CSJ") provides wage subsidies to employers from not-for-profit organizations, the public sector, and private sector organizations with 50 or fewer full-time employees, to create quality summer work experiences for young people aged 15 to 30 years. The qualified subsidy amounts received under the CSJ program are non-repayable. For the year ended May 31, 2022, the Foundation's salary and benefits expense has been presented net of CSJ subsidies of \$8,992 (2021 - \$nil).

10. Financial instruments

The Foundation, as part of its operations, carries a number of financial instruments. It is management's opinion that the Foundation is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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 rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Foundation is exposed to interest rate risk primarily through its available credit facility and term deposits.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's maximum credit risk relates to its financial assets.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.