

ONTARIO NEUROTRAUMA FOUNDATION
YEAR ENDED MARCH 31, 2017

TABLE OF CONTENTS

	Page
Independent auditors' report	1
Financial statements:	
Statement of revenue and expenses	2
Statement of changes in net assets	3
Statement of cash flow	4
Statement of financial position	5
Notes to financial statements	6 - 12

Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

ONTARIO NEUROTRAUMA FOUNDATION

We have audited the accompanying financial statements of Ontario Neurotrauma Foundation, which comprise the statement of financial position as at March 31, 2017 and the statements of revenue and expenses, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility

The board of directors 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Neurotrauma Foundation as at March 31, 2017 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.

Stern Cohen LLP

Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
June 6, 2017

ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF REVENUE AND EXPENSES

For the year ended March 31,	2017	2016
	\$	\$
Revenue		
Funding grants		
Ministry of Health	161,455	-
Ministry of Research and Innovation	2,631,752	2,524,724
Rick Hansen Foundation	1,417,635	1,471,826
Partnership and other	300,000	2,076
Interest income	134,117	51,521
Adjustment to fair value of investments	20,803	(144,303)
	4,665,762	3,905,844
Expenses		
Research project funding (Note 9 (a))	3,771,618	3,305,409
Administrative salaries and benefits	391,837	367,770
Professional fees	31,828	21,807
Occupancy costs	227,616	218,111
Board meetings and travel	6,269	9,068
Insurance	2,835	2,765
Office and general	70,922	66,143
Amortization	7,915	7,552
	4,510,840	3,998,625
Excess (deficiency) of revenue over expenses for the year	154,922	(92,781)

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31,	2017			2016
	Contingency Fund \$	Unrestricted \$	Total \$	Total \$
Beginning of year	663,193	(51,460)	611,733	704,514
Excess (deficiency) of revenue over expenses for the year	37,899	117,023	154,922	(92,781)
End of year	701,092	65,563	766,655	611,733

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION

STATEMENT OF CASH FLOW

For the year ended March 31,	2017 \$	2016 \$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	154,922	(92,781)
Items not involving cash		
Amortization	7,915	7,552
Adjustment to fair value of investments	(20,803)	144,303
Working capital from operations	142,034	59,074
Change in non-cash working capital balances related to operations		
Deferred grants	(506,912)	160,753
Due to Ministry of Health (Note 7)	(101,167)	-
Deferred interest revenue	10,014	(28,654)
Funding receivable	1,007,645	223,174
Funding awards payable	144,175	26,220
Other	(17,722)	7,477
Cash from operations	678,067	448,044
Investing activities		
Purchase of capital assets	(48,588)	(2,074)
Short-term investments, net	207,037	(545,605)
	158,449	(547,679)
Change in cash during the year	836,516	(99,635)
Cash		
Beginning of year	52,821	152,456
End of year	889,337	52,821

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

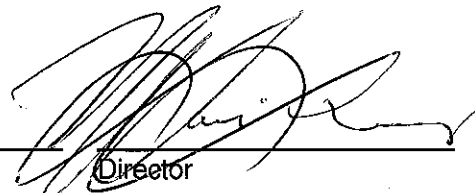
As at March 31,	2017	2016
	\$	\$
ASSETS		
Current assets		
Cash	889,337	52,821
Short-term investments (Note 3)	1,171,777	1,358,011
Funding receivable	892,215	1,899,860
HST recoverable	78,017	75,436
Prepaid expenses	35,946	25,732
Other receivable	50,000	25,000
	3,117,292	3,436,860
Capital assets (Note 4)	45,877	5,204
	3,163,169	3,442,064
LIABILITIES		
Current liabilities		
Accounts payable	69,739	49,666
Deferred grants (Note 6)	1,031,144	1,538,056
Deferred interest revenue	223,085	213,071
Funding awards payable	1,072,546	928,371
Due to Ministry of Health (Note 7)	-	101,167
	2,396,514	2,830,331
NET ASSETS		
Contingency fund (Note 8)	701,092	663,193
Unrestricted - surplus (deficit)	65,563	(51,460)
	766,655	611,733
	3,163,169	3,442,064

Other information (Note 9)

See accompanying notes.

Approved on behalf of the Board:


Director


Director



ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

1. Purpose and incorporation

The Ontario Neurotrauma Foundation is committed to the funding of research projects relating to neurotrauma injuries. Its strategic research priorities are in the areas of reducing the incidence and impact of neurotrauma through injury prevention, enhancing the quality of life of persons with acquired brain injuries and enhancing the quality of life of persons with spinal cord injuries. The foundation was incorporated on March 19, 1998 under the laws of Ontario as a corporation without share capital. It is registered as a charity with Canada Revenue Agency and is exempt from income taxes.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

(a) *Revenue recognition*

i) *Grant revenue*

The foundation follows the deferral method of accounting for grants. Grants are recognized as revenue in the period in which the related expenses are recognized.

ii) *Investment income*

Partnership funding interest is unrestricted and recognized as earned. Interest on the Contingency Fund is recognized as earned. Interest on funding received from the Ministry of Health and Ministry of Research and Innovation is held in trust and paid to the Ministry(s) as requested or at the discretion of the foundation.

(b) *Short-term investments*

Short-term investments are recorded at their fair value.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

2. Significant accounting policies (cont'd)

(c) *Capital assets*

Capital assets are stated at cost. Amortization is recorded at rates calculated to charge the cost of the assets to operations over their estimated useful lives. Maintenance and repairs are charged to operations as incurred. Gains and losses on disposals are calculated on the remaining net book value at the time of disposal and included in income.

Amortization is charged to operations on the straight-line basis at the following annual rates:

Office equipment	- 20%
Computer equipment	- 33%
Computer software	- 100%
Leaseholds	- Term of lease

(d) *Research project funding*

Research project funding is expensed when the project is approved by the Board of Directors. Funding awards payable represents amounts which have been approved for payment and have funding available but were unpaid at the year end. Unexpended grants which are returned to the foundation are netted against grant expenditures when received.

(e) *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, liabilities, revenue and expenditures during the year. Actual results could differ from these estimates.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

2. Significant accounting policies (cont'd)

(f) *Financial instruments*

The foundation initially measures its financial assets and financial liabilities at fair value.

The foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for short-term investments, which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenue over expenses.

The foundation's financial instruments that are measured at amortized cost consist of cash, funding receivable, other receivable, accounts payable, funding awards payable and deferred grants.

(g) *Donated goods and services*

The value of donated goods and services is recorded as revenue and expenses in the financial statements when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated.

The foundation benefits substantially from services in the form of volunteer time. The value of these services is not recorded in these financial statements.

3. Short-term investments

	2017 \$	2016 \$
Ministry funds	351,610	591,595
Partnership funds	143,094	127,243
Contingency fund	677,073	639,173
	<u>1,171,777</u>	<u>1,358,011</u>

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

4. Capital assets

	Cost \$	Accumulated amortization \$	Net	
			2017 \$	2016 \$
Office equipment	174,030	171,533	2,497	1,676
Computer equipment	96,025	91,002	5,023	3,528
Leaseholds	104,592	66,235	38,357	-
	<u>374,647</u>	<u>328,770</u>	<u>45,877</u>	<u>5,204</u>

5. Ministry of Research and Innovation and Partnership funding

On December 10, 2013 the foundation was successful in receiving approval for funding of up to \$3 million each year from the Ministry of Research and Innovation beginning with fiscal 2015 and continuing for three years.

In an agreement dated March 20, 2014 the foundation was approved to receive a prepayment of \$960,000 in funding from the Ministry of Research and Innovation during fiscal 2015. Accordingly, for the 2015, 2016 and 2017 fiscal years, the foundation is to receive in addition to the prepayment \$2,680,000 in funding per year. In 2017 \$2,412,000 was received with the remaining \$268,000 to be received in fiscal 2018 upon approval of final audit and project progress report.

The foundation is also a party to an agreement by which the Rick Hansen Foundation will receive up to \$2,000,000 per year in funding for three years for Spinal Cord Injury projects in Ontario.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

6. Deferred grants

The foundation records grant revenue as deferred revenue until it is expended for the purpose of the grant. The change in the amount of deferred grants for fiscal 2017 is summarized as follows:

	Ministry of Health \$	Ministry of Research and Innovation \$	Rick Hansen Foundation \$	Partnerships and other \$	Total \$
Beginning of year	202,713	830,787	-	504,556	1,538,056
Receivable, beginning of year	-	-	(1,899,860)	-	(1,899,860)
Received (repaid) in the year	(41,258)	2,412,000	2,535,280	105,553	5,011,575
Receivable, end of year	-	-	792,215	100,000	892,215
Recognized as revenue	(161,455)	(2,631,752)	(1,417,635)	(300,000)	(4,510,842)
End of year	-	611,035	10,000	410,109	1,031,144

7. Due to Ministry of Health

In accordance with its funding agreement with the Ministry of Health dated April 1, 2012, any funds not required for immediate use are to be invested in interest bearing accounts by the foundation. The interest earned by the foundation on these funds must be paid to the Ministry.

During the year the Ministry of Health released the foundation from its obligation to pay back accumulated interest. The full amount of \$101,167 was recognized in interest income.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

8. Contingency fund

A contingency fund has been set up by the foundation in the event that its source of funding is terminated to cover the costs of winding up or exploring alternative courses of action.

The contingency fund consists of:

	<u>\$</u>
Cash	24,019
Short-term investments	<u>677,073</u>
	<u>701,092</u>

9. Other information

(a) Research project funding

During the 2017 fiscal year, expenditures were approved to fund projects in the following areas:

	<u>\$</u>
ABI Quality of Life	758,238
SCI Quality of Life	759,922
Prevention	413,408
Knowledge translation	122,415
Rick Hansen Fund	1,417,635
Partnerships and other	<u>300,000</u>
	<u>3,771,618</u>

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

9. Other information (cont'd)

(b) *Financial instruments*

The foundation is exposed to the following significant risks:

i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fluctuations in interest rate will affect the foundation's earnings and cash flow.

ii) *Market risk*

A portion of the foundation's investments are subject to the risk that their value will fluctuate as a result of changes in market prices. These fluctuations will affect the amount that the foundation will realize when it disposes of these investments.

(c) *Commitments*

The Foundation is committed under a net lease for premises until July 2022. Annual rents exclusive of operating costs are:

	\$
2018	97,600
2019	101,667
2020	103,700
2021	107,767
2022	109,800
Thereafter	36,600

(d) *Comparative figures*

The fiscal year 2016 figures have been reclassified where necessary to conform to the presentation adopted in the current year.