

**ONTARIO NEUROTRAUMA FOUNDATION
YEAR ENDED MARCH 31, 2019**

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Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

ONTARIO NEUROTRAUMA FOUNDATION

Opinion

We have audited the financial statements of Ontario Neurotrauma Foundation, which comprise of the statement of financial position as at March 31, 2019 and the statements of revenues and expenses, changes in net assets, and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Neurotrauma Foundation as at March 31, 2019, 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 (ASNFPPO).

Basis for Opinion

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 organization 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 opinion.

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 (ASNFPPO), 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

INDEPENDENT AUDITORS' REPORT (cont'd)

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 organization's internal controls.
- 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 organization'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 audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization 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.

Stern Cohen LLP

Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
May 21, 2019

ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF REVENUES AND EXPENSES

For the year ended March 31,	2019 \$	2018 \$
Revenues		
Funding grants		
Ministry of Research and Innovation	-	14,072
Ministry of Research, Innovation and Science	2,103,750	2,867,865
Rick Hansen Institute	2,749,629	857,729
Neurotrauma	16,686	-
Partnerships	1,500	70,578
Interest income	13,658	18,851
Adjustment to fair value of investments	8,303	(26,445)
	4,893,526	3,802,650
Expenses		
Research project funding (Note 8 (a))	4,068,810	3,091,930
Administrative salaries and benefits	389,430	362,081
Professional fees	23,543	22,919
Occupancy costs	243,806	238,266
Board meetings and travel	6,217	13,809
Insurance	2,807	3,124
Office and general	62,255	50,422
Amortization	33,630	13,621
	4,830,498	3,796,172
Excess of revenues over expenses for the year	63,028	6,478

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31,	2019			2018
	Contingency Fund \$	Unrestricted \$	Total \$	Total \$
Beginning of year	695,575	77,558	773,133	766,655
Excess of revenues over expenses for the year	21,961	41,067	63,028	6,478
End of year	717,536	118,625	836,161	773,133

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF CASH FLOW

For the year ended March 31,	2019 \$	2018 \$
Operating activities		
Excess of revenues over expenses for the year	63,028	6,478
Items not involving cash		
Amortization	33,630	13,621
Adjustment to fair value of investments	(8,303)	26,445
Working capital from operations	88,355	46,544
Change in non-cash working capital balances related to operations		
Deferred grants	(808,379)	1,459,406
Deferred interest revenue	-	(3,780)
Funding receivable	(16,686)	423,928
Funding awards payable	507,947	423,492
Other	3,540	59,222
Cash from (required by) operations	(225,223)	2,408,812
Investing activities		
Purchase of capital assets	(43,359)	(11,878)
Short-term investments, net	(13,659)	479,862
	(57,018)	467,984
Change in cash during the year	(282,241)	2,876,796
Cash		
Beginning of year	3,766,133	889,337
End of year	3,483,892	3,766,133

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

As at March 31,	2019 \$	2018 \$
ASSETS		
Current assets		
Cash	3,483,892	3,766,133
Short-term investments (Note 3)	687,432	665,470
Funding receivable (Note 6)	16,686	-
HST recoverable	72,188	73,366
Prepaid expenses	30,344	25,596
	4,290,542	4,530,565
Capital assets (Note 4)	53,863	44,134
	4,344,405	4,574,699
LIABILITIES		
Current liabilities		
Accounts payable	71,070	63,960
Deferred grants (Note 6)	1,213,884	2,022,263
Deferred interest revenue	219,305	219,305
Funding awards payable	2,003,985	1,496,038
	3,508,244	3,801,566
NET ASSETS		
Contingency fund (Note 7)	717,536	695,575
Unrestricted - surplus	118,625	77,558
	836,161	773,133
	4,344,405	4,574,699

Other information (Note 8)

See accompanying notes.

Approved on behalf of the Board:

Director_____
Director

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 Research and Innovation and the Ministry of Research, Innovation and Science 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.

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, 2019

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, 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

	2019 \$	2018 \$
Contingency fund	<u>687,432</u>	<u>665,470</u>

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

4. Capital assets

	Cost \$	Accumulated amortization \$	Net	
			2019 \$	2018 \$
Office equipment	64,166	41,395	22,771	2,346
Computer equipment	100,728	96,652	4,076	3,966
Leaseholds	113,722	86,706	27,016	37,822
	278,616	224,753	53,863	44,134

5. Ministry of Research, Innovation, and Science and Partnership funding

In December 2017, the foundation was successful in receiving approval for funding from the Ministry of Research, Innovation and Science of \$8,610,000 to be received over a three year period beginning with \$3,250,000 in fiscal 2018 and \$2,680,000 in both 2019 and 2020.

As of February 2018 the foundation is also a party to a renewed agreement by which the Rick Hansen Institute will receive a maximum amount of \$6,430,000 in funding over three years, beginning with fiscal 2018, for Spinal Cord Injury projects in Ontario.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

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 2019 is summarized as follows:

	Ministry of Research, Innovation and Science 2018-2020 \$	Rick Hansen Institute 2015-2017 \$	Rick Hansen Institute 2018-2020 \$	Neurotrauma \$	Total \$
Beginning of year	382,135	156,937	1,483,191	-	2,022,263
Receivable, beginning of year	-	-	-	-	-
Received in the year	2,680,000	-	1,365,000	-	4,045,000
Partnership funding received	1,500	-	-	-	1,500
Recognized as revenue	(2,105,250)	(156,937)	(2,592,692)	(16,686)	(4,871,565)
Receivable, end of year	-	-	-	16,686	16,686
End of year	958,385	-	255,499	-	1,213,884

7. 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:

	\$
Cash	30,104
Short-term investments	687,432
	<u>717,536</u>

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

8. Other information

(a) *Research project funding*

During the 2019 fiscal year, expenditures were approved to fund projects in the following areas:

	<u>\$</u>
ABI Quality of Life	740,371
SCI Quality of Life	50,000
Prevention	531,435
Knowledge translation	21,756
Rick Hansen Fund	2,708,562
Neurotrauma	<u>16,686</u>
	<u>4,068,810</u>

(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.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

8. Other information (cont'd)

(c) *Commitments*

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

	\$
2020	103,700
2021	107,767
2022	109,800
2023	36,600