

ONTARIO NEUROTRAUMA FOUNDATION
YEAR ENDED MARCH 31, 2020

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INDEPENDENT AUDITOR'S 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, 2020 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, 2020, 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 (ASNFPO).

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 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 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 (ASNFPO), 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.

INDEPENDENT AUDITOR'S 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 foundation'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 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 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, amongst 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 19, 2020



ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF REVENUES AND EXPENSES

For the year ended March 31,	2020 \$	2019 \$
Revenues		
Funding grants		
Ministry of Research, Innovation and Science (Note 5 and 6)	3,062,136	2,103,750
Rick Hansen Institute (Note 5 and 6)	1,886,815	2,749,629
Neurotrauma Partnerships	69,965	16,686
-	-	1,500
Interest income	7,289	13,658
Adjustment to fair value of investments	(2,813)	8,303
	5,023,392	4,893,526
Expenses		
Research project funding (Note 8 (a))	4,212,069	4,068,810
Administrative salaries and benefits	405,776	389,430
Professional fees	26,167	23,543
Occupancy costs	250,750	243,806
Board meetings and travel	9,676	6,217
Insurance	2,868	2,807
Office and general	68,032	62,255
Amortization	40,730	33,630
	5,016,068	4,830,498
Excess of revenues over expenses for the year	7,324	63,028

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31,	2020			2019
	Contingency Fund \$	Unrestricted \$	Total \$	Total \$
Beginning of year	717,536	118,625	836,161	773,133
Excess of revenues over expenses for the year	4,476	2,848	7,324	63,028
End of year	722,012	121,473	843,485	836,161

See accompanying notes.



ONTARIO NEUROTRAUMA FOUNDATION

STATEMENT OF CASH FLOW

For the year ended March 31,	2020 \$	2019 \$
Operating activities		
Excess of revenues over expenses for the year	7,324	63,028
Items not involving cash		
Amortization	40,730	33,630
Adjustment to fair value of investments	2,813	(8,303)
Working capital from operations	50,867	88,355
Change in non-cash working capital balances related to operations		
Deferred grants	(345,200)	(808,379)
Funding receivable	(500,465)	(16,686)
Funding awards payable	130,262	507,947
Other	(7,229)	3,540
Cash required by operations	(671,765)	(225,223)
Investing activities		
Purchase of capital assets	(40,786)	(43,359)
Short-term investments, net	(7,289)	(13,659)
	(48,075)	(57,018)
Change in cash during the year	(719,840)	(282,241)
Cash		
Beginning of year	3,483,892	3,766,133
End of year	2,764,052	3,483,892

See accompanying notes.

ONTARIO NEUROTRAUMA FOUNDATION

(Incorporated under the laws of Ontario)

STATEMENT OF FINANCIAL POSITION

As at March 31,	2020 \$	2019 \$
ASSETS		
Current assets		
Cash	2,764,052	3,483,892
Short-term investments (Note 3)	691,908	687,432
Funding receivable (Note 6)	517,151	16,686
HST recoverable	69,167	72,188
Prepaid expenses	36,452	30,344
Other receivable	2,986	-
	4,081,716	4,290,542
Capital assets (Note 4)	53,919	53,863
	4,135,635	4,344,405
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	69,914	71,070
Deferred grants (Note 6)	868,684	1,213,884
Deferred interest revenue	219,305	219,305
Funding awards payable	2,134,247	2,003,985
	3,292,150	3,508,244
NET ASSETS		
Contingency fund (Note 7)	722,012	717,536
Unrestricted - surplus	121,473	118,625
	843,485	836,161
	4,135,635	4,344,405

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. Significant items subject to such estimates and assumptions include the estimated useful life of capital assets. Actual results could differ from these estimates.

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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 and accrued liabilities, 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

	2020 \$	2019 \$
Contingency fund	<u>691,908</u>	<u>687,432</u>

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

4. Capital assets

	Cost \$	Accumulated amortization \$	Net	
			2020 \$	2019 \$
Office equipment	92,524	66,793	25,731	22,771
Computer equipment and software	112,496	100,958	11,538	4,076
Leaseholds	114,382	97,732	16,650	27,016
	319,402	265,483	53,919	53,863

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.

The foundation is in the final stage of negotiating a three year agreement with the Ministry of Health covering April 2020 to March 2023 with a maximum amount of \$14,040,000. The funding supports the ongoing work of the foundation and includes funding support for the development of Neurotrauma Care Pathways.

In February 2018 the foundation was 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, 2020

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 2018-2020 \$	Neurotrauma Pathways \$	Total \$
Beginning of year	958,385	255,499	-	1,213,884
Receivable, beginning of year	-	-	(16,686)	(16,686)
Received in the year	1,673,251	2,550,000	-	4,223,251
Recognized as revenue	(3,062,136)	(1,936,815)	(69,965)	(5,068,916)
Receivable, end of year	430,500	-	86,651	517,151
End of year	-	868,684	-	868,684

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	691,908
	<u>722,012</u>

ONTARIO NEUROTRAUMA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

8. Other information

(a) *Research project funding*

During the 2020 fiscal year, expenditures were approved to fund projects in the following areas:

	<u>\$</u>
Acquired Brain Injury Quality of Life	1,209,085
Spinal Cord Injury Quality of Life	50,000
Prevention	963,801
Knowledge translation	32,403
Rick Hansen Fund	1,886,815
Neurotrauma Pathways	<u>69,965</u>
	<u>4,212,069</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. The foundation is exposed to interest rate risk with respect to its investments in interest bearing financial instruments. Fluctuations in interest rate will affect the foundation's earnings and cash flow.

ii) *Market risk*

A portion of the foundation's short-term 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, 2020

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:

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

(d) *COVID-19*

The outbreak of the novel coronavirus (“COVID-19”) has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which have included travel bans, state and country lockdowns, self-imposed quarantine periods and social distancing have created material disruption to businesses globally, which are resulting in an economic slowdown. The duration and impact of the COVID-19 pandemic is unknown at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results of the foundation nor its future condition and operations in future periods. It is management’s assumption that the foundation will continue to operate as a going concern.