

Financial Statements of

**HEART AND STROKE FOUNDATION
CANADIAN PARTNERSHIP FOR
STROKE RECOVERY**

Year ended March 31, 2016



KPMG LLP
Suite 1800
150 Elgin Street
Ottawa ON K2P 2P8
Canada

Telephone (613) 212-KPMG (5764)
Fax (613) 212-2896
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Directors of Heart & Stroke Foundation Canadian Partnership for Stroke Recovery

We have audited the accompanying financial statements of Heart and Stroke Foundation Canadian Partnership for Stroke Recovery, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 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 Heart and Stroke Foundation Canadian Partnership for Stroke Recovery as at March 31, 2016, and its results of operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2016

Ottawa, Canada

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Financial Position

March 31, 2016, with comparative information for 2015

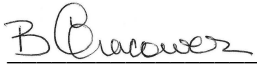
	2016	2015
Assets		
Current assets:		
Cash	\$ 3,055,210	\$ 3,694,749
Amounts receivable	465,434	1,265,567
Due from the Heart and Stroke Foundation (note 2)	333,628	789,055
Prepaid expenses	3,309	2,281
Advances to member institutions	412,760	—
	<u>4,270,341</u>	<u>5,751,652</u>
Capital assets (note 3)	3,054	4,589
	<u>\$ 4,273,395</u>	<u>\$ 5,756,241</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,013,900	\$ 4,260,378
Deferred contributions	412,760	—
	<u>2,426,660</u>	<u>4,260,378</u>
Net assets:		
Unrestricted	1,843,681	1,491,274
Investment in capital assets	3,054	4,589
	<u>1,846,735</u>	<u>1,495,863</u>
Commitments (note 5)		
	<u>\$ 4,273,395</u>	<u>\$ 5,756,241</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Member institution contributions	\$ 2,860,896	\$ 2,176,734
Heart and Stroke Foundation contributions (note 2)	2,608,894	3,030,964
Canadian Stroke Network contribution	–	499,807
Research grants	100,000	–
Other	63,843	89,249
	<u>5,633,633</u>	<u>5,796,754</u>
Expenses:		
Research expenses:		
Research scientists	1,013,945	1,226,892
Research trainees	471,315	20,000
Research technical personnel	1,360,056	1,024,507
New scientist start-up funds	167,656	352,711
Lab setup	–	276,458
Research supplies and services	174,378	72,746
Equipment funding for sites	192,433	75,000
Collaborative catalyst awards	573,842	490,780
Trainee awards	207,500	20,500
Named awards	20,000	20,000
National expansion awards	–	499,807
Research platforms	120,000	178,285
	<u>4,301,125</u>	<u>4,257,686</u>
Program expenses:		
Annual Scientific meeting	8,413	56,993
Trainee program	20,783	20,054
Knowledge translation	111,573	130,476
	<u>140,769</u>	<u>207,523</u>
Administrative expenses:		
Salaries	714,297	763,954
Communications	29,108	52,875
Networking and meetings	47,255	33,255
Travel	6,987	15,764
Professional fees	24,687	24,412
Office expenses	18,533	17,967
	<u>840,867</u>	<u>908,227</u>
Total expenses	<u>5,282,761</u>	<u>5,373,436</u>
Excess of revenue over expenses	<u>\$ 350,872</u>	<u>\$ 423,318</u>

See accompanying notes to financial statements.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

	Unrestricted	Investment in capital assets	2016	2015
Balance, beginning of year	\$ 1,491,274	\$ 4,589	\$ 1,495,863	\$ 1,072,545
Excess of revenue over expenses	349,282	1,590	350,872	423,318
Amortization of capital assets	3,125	(3,125)	–	–
Balance, end of year	\$ 1,843,681	\$ 3,054	\$ 1,846,735	\$ 1,495,863

See accompanying notes to financial statements.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash from operating activities:		
Excess of revenue over expenses	\$ 350,872	\$ 423,318
Amortization of capital assets, which does not involve cash	3,125	2,664
Net change in non-cash working capital:		
Due from Heart and Stroke Foundation	455,427	489,308
Amounts receivable	800,133	(437,285)
Prepaid expenses	(1,028)	4,005
Advances to member institutions	(412,760)	-
Accounts payable and accrued liabilities	(2,246,478)	(1,381,630)
Deferred contributions	412,760	(499,806)
Net cash provided (used) by operating activities	(637,949)	(1,399,426)
Investing activities:		
Purchase of capital assets	(1,590)	(860)
Decrease in cash	(639,539)	(1,400,286)
Cash, beginning of year	3,694,749	5,095,035
Cash, end of year	\$ 3,055,210	\$ 3,694,749

See accompanying notes to financial statements

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements

Year ended March 31, 2016

The Heart and Stroke Foundation Canadian Partnership for Stroke Recovery (the "Organization") legally changed its name on November 17, 2015. The Organization is incorporated as a not-for-profit organization under the Corporations Act of Ontario and is a Registered Charity under the Income Tax Act (Canada) and as such is exempt from income tax.

The objectives of the Organization are:

- (a) to conduct focused, high-impact research;
- (b) to develop long-term, mutually beneficial partnerships;
- (c) to translate knowledge into practice; and
- (d) to promote improved care and services.

Formerly known as The Heart and Stroke Foundation Centre for Stroke Recovery, it received its letters of patent on April 3, 2009. Prior to receiving its letters patent, the Organization operated under a memorandum of understanding between the Heart and Stroke Foundation, the Ottawa Hospital Research Institute, Sunnybrook Health Science Centre and Baycrest Centre for Geriatric Care. Effective April 1, 2010, the Centre began operating as a separate legal entity.

1. Significant accounting policies:

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

(a) Basis of presentation:

The Organization uses the deferral method of accounting for contributions for not-for-profit organizations.

(b) Revenue recognition:

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

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions received but not yet spent are reflected as deferred contributions.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements, page 2

Year ended March 31, 2016

1. Significant accounting policies (continued):

(c) Member contributions:

Member contribution advances are amounts forwarded by the member institutions performing the research work prior to the research expenditures being incurred. Research expenses within accounts payable consist of member institution expenses incurred in the year for which the member institutions have not provided funding to the organization.

Deferred contributions consist of research funding received from the member institutions for which research expenses have not yet been incurred.

(d) Expenses:

The Organization classifies expenses on the statement of operations by function. Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Organization does not allocate expenses between functions after initial recognition.

(e) Capital assets:

Capital assets additions having a cost of more than \$1,000 are capitalized and amortized on a straight-line basis. Computer equipment is amortized over 3 years. Furniture and fixtures are amortized over 5 years.

(f) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements, page 3

Year ended March 31, 2016

2. Due from Heart and Stroke Foundation:

The amount due from the Heart and Stroke Foundation is as follows:

	2016	2015
Amount due, beginning of year	\$ 789,055	\$ 1,278,363
Amount received	(3,064,321)	(3,520,272)
Contributions recognized	2,608,894	3,030,964
Amount due, end of year	\$ 333,628	\$ 789,055

3. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 14,064	\$ 12,538	\$ 1,526	\$ 2,295
Furniture and fixtures	3,823	2,295	1,528	2,294
	\$ 17,887	\$ 14,833	\$ 3,054	\$ 4,589

Cost and accumulated amortization at March 31, 2015 amounted to \$16,297 and \$11,708 respectively.

4. Capital disclosures:

The Organization considers its capital to consist of its net assets. The Organization's overall objective with its capital is to fund future projects and ongoing operations.

The Organization is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2015.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements, page 4

Year ended March 31, 2016

5. Commitments:

The Organization has committed funds for research in future years. The following amounts are committed over the next four years:

2017	\$	470,771
2018		218,473
2019		71,153
2020		21,650
		<hr/>
		\$ 782,047

6. Financial Instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with respect to the amounts receivable and cash. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Organization's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(i) Foreign exchange risk:

Foreign exchange risk results from the fluctuation and volatility of exchange rates.

The Organization is not exposed to foreign exchange risk.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements, page 5

Year ended March 31, 2016

6. Financial Instruments (continued):

(c) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

The Organization is not subject to significant interest rate risk.

There have been no significant changes to the risk exposures from 2015.