

Financial Statements of

**HEART AND STROKE FOUNDATION
CENTRE FOR STROKE RECOVERY**

o/a

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

Year ended March 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Directors of Heart and Stroke Foundation Centre for Stroke Recovery, o/a Heart & Stroke Foundation Canadian Partnership for Stroke Recovery

We have audited the accompanying financial statements of Heart and Stroke Foundation Centre for Stroke Recovery, which comprise the statement of financial position as at March 31, 2015, 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 Centre for Stroke Recovery as at March 31, 2015, 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.

Chartered Professional Accountants, Licensed Public Accountants

(Date)

Ottawa, Canada

**HEART AND STROKE FOUNDATION CENTRE FOR
STROKE RECOVERY O/A
HEART AND STROKE FOUNDATION CANADIAN
PARTNERSHIP FOR STROKE RECOVERY**

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 3,694,749	\$ 5,095,035
Amounts receivable	1,265,567	828,282
Due from the Heart and Stroke Foundation (note 2)	789,055	1,278,363
Prepaid expenses	2,281	6,286
	<u>5,751,652</u>	<u>7,207,966</u>
Capital assets (note 3)	4,589	6,393
	<u>\$ 5,756,241</u>	<u>\$ 7,214,359</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,260,378	\$ 5,642,008
Deferred contributions	-	499,806
Net assets:		
Unrestricted	1,491,274	1,066,152
Investment in capital assets	4,589	6,393
	<u>1,495,863</u>	<u>1,072,545</u>
Commitments (note 5)		
	<u>\$ 5,756,241</u>	<u>\$ 7,214,359</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

HEART AND STROKE FOUNDATION CENTRE FOR STROKE RECOVERY O/A HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Member institution contributions	\$ 2,176,734	\$ 2,187,735
Heart and Stroke Foundation contributions (note 2)	3,030,964	3,897,375
Canadian Stroke Network contribution	499,807	499,807
Other	89,249	38,955
	5,796,754	6,623,872
Expenses:		
Research expenses:		
Research scientists	1,226,892	1,266,871
Research trainees	20,000	42,083
Research technical personnel	1,024,507	1,369,246
New scientist start-up funds	352,711	169,806
Lab setup	276,458	-
Research supplies and services	72,746	207,686
Equipment funding for sites	75,000	75,000
Catalyst awards	490,780	845,548
Trainee awards	20,500	233,622
Named awards	20,000	53,500
Tele-rehabilitation awards	-	598,925
National expansion awards	499,807	499,807
Collaborative projects	178,285	405,998
	4,257,686	5,768,092
Program expenses:		
Annual Scientific meeting	56,993	25,164
Trainee program	20,054	-
Knowledge translation	130,476	-
	207,523	25,164
Administrative expenses:		
Salaries	763,954	790,933
Communications	52,875	112,487
Networking and meetings	33,255	26,176
Travel	15,764	34,465
Professional fees	24,412	45,272
Office expenses	17,967	26,230
	908,227	1,035,563
Total expenses	5,373,436	6,828,819
Excess (deficiency) of revenue over expenses	\$ 423,318	\$ (204,947)

See accompanying notes to financial statements.

**HEART AND STROKE FOUNDATION CENTRE FOR
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Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	Unrestricted	Investment in capital assets	2015	2014
Balance, beginning of year	\$ 1,066,152	\$ 6,393	\$ 1,072,545	\$ 1,277,492
Excess (deficiency) of revenue over expenses	422,458	860	423,318	(204,947)
Amortization of capital assets	2,664	(2,664)	–	–
Balance, end of year	\$ 1,491,274	\$ 4,589	\$ 1,495,863	\$ 1,072,545

See accompanying notes to financial statements.

**HEART AND STROKE FOUNDATION CENTRE FOR
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Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 423,318	\$ (204,947)
Amortization of capital assets, which does not involve cash	2,664	2,732
Net change in non-cash working capital:		
Due from Heart and Stroke Foundation	489,308	1,906,884
Amounts receivable	(437,285)	368,945
Prepaid expenses	4,005	5,039
Accounts payable and accrued liabilities	(1,381,630)	(458,286)
Deferred contribution	(499,806)	499,806
Net cash provided (used) by operating activities	(1,399,426)	2,120,173
Investing activities:		
Purchase of capital assets	(860)	(7,919)
Increase (decrease) in cash	(1,400,286)	2,112,254
Cash, beginning of year	5,095,035	2,982,781
Cash, end of year	\$ 3,694,749	\$ 5,095,035

See accompanying notes to financial statements

HEART AND STROKE FOUNDATION CENTRE FOR STROKE RECOVERY O/A HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements

Year ended March 31, 2015

The Heart and Stroke Foundation Centre for Stroke Recovery (the "Organization") received its letters of patent on April 3, 2009. The Organization is incorporated as a not-for-profit organization under the Corporations Act of Ontario and is a Registered Charity under Paragraph 149 (1) (f) of the Income Tax Act (Canada) and as such is exempt from income tax. It currently operates under the name of the Heart and Stroke Foundation Canadian Partnership for Stroke Recovery.

The objects 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.

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.

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Notes to Financial Statements

Year ended March 31, 2015

1. Significant accounting policies (continued):

(c) 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.

(d) 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.

(e) 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.

2. Due from Heart and Stroke Foundation:

The total amount due from the Heart and Stroke Foundation is \$789,055. This amount consists of the following:

	2015	2014
Amount due, beginning of year	\$ 1,278,363	\$ 3,185,247
Amount received from Heart and Stroke Foundation	(3,520,272)	(5,804,259)
Other contributions recognized	3,030,964	3,897,375
Amount due, end of year	\$ 789,055	\$ 1,278,363

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Notes to Financial Statements

Year ended March 31, 2015

3. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 12,473	\$ 10,178	\$ 2,295	\$ 3,334
Furniture and fixtures	3,824	1,530	2,294	3,059
	\$ 16,297	\$ 11,708	\$ 4,589	\$ 6,393

Cost and accumulated amortization at March 31, 2014 amounted to \$15,437 and \$9,044 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, 2014.

5. Commitments:

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

2016	\$ 937,747
2017	279,285
2018	196,977
2019	52,167
2020	21,650
	\$ 1,487,826

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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.

(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 2014.

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7. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.