

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2020



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Heart & Stroke Foundation Canadian Partnership for Stroke Recovery (the Entity), which comprise:

- statement of financial position as at end of March 31, 2020
- statement of operations for the year then ended
- the statement of changes net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at end of March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 “Auditors’ Responsibilities for the Audit of the Financial Statements” section of our auditors’ report.

We are independent of the Entity 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, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the financial statements.

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 Entity's internal control.
- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

September 21, 2020

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 1,759,348	\$ 1,923,499
Amounts receivable	86,674	154,446
Due from the Heart and Stroke Foundation (note 2)	500,564	564
Prepaid expenses	8,109	13,506
Advances to member institutions	735,091	530,278
	\$ 3,089,786	\$ 2,622,293

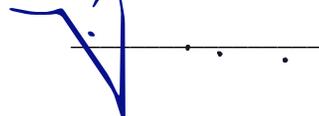
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,319,016	\$ 1,001,642
Deferred contributions	740,092	605,280
Deferred grants	50,000	56,363
	2,109,108	1,663,285
Net assets:		
Unrestricted	980,678	959,008
Commitments (note 4)		
Impact of Coronavirus COVID-19 Pandemic (note 6)		
	\$ 3,089,786	\$ 2,622,293

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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Member institution contributions	\$ 3,071,049	\$ 2,830,904
Heart and Stroke Foundation contributions (note 2)	2,000,000	2,067,854
Research Grants	77,396	147,936
Other	72,131	50,860
	<u>5,220,576</u>	<u>5,097,554</u>
Expenses:		
Research expenses:		
Research scientists	1,280,567	1,303,818
Research technical personnel	887,925	883,658
Research platforms	272,396	671,936
Collaborative catalyst awards	–	399,201
Research awards	798,097	–
New scientist start-up funds	163,643	379,195
Research trainees	252,276	178,721
Trainee awards	22,813	165,632
Research supplies and services	163,868	134,774
Equipment funding for sites	305,123	–
	<u>4,146,708</u>	<u>4,116,935</u>
Program expenses:		
Knowledge translation	273,441	299,326
Annual scientific meeting	13,525	24,894
Trainee program	31,879	23,467
	<u>318,845</u>	<u>347,687</u>
Administrative expenses:		
Salaries	648,113	748,776
Networking and meetings	25,329	50,271
Communications	11,366	48,628
Professional fees	30,021	35,201
Office expenses	14,775	16,480
Travel	3,749	5,765
	<u>733,353</u>	<u>905,121</u>
Total expenses	<u>5,198,906</u>	<u>5,369,743</u>
Excess (deficiency) of revenue over expenses	<u>\$ 21,670</u>	<u>\$ (272,189)</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, 2020, with comparative information for 2019

	2020	2019
Balance, beginning of year	\$ 959,008	\$ 1,231,197
Excess (deficiency) of revenue over expenses	21,670	(272,189)
Balance, end of year	\$ 980,678	\$ 959,008

See accompanying notes to financial statements.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 21,670	\$ (272,189)
Amortization of capital assets, which does not involve cash		
Net change in non-cash operating working capital:		
Due from Heart and Stroke Foundation	(500,000)	129,285
Amounts receivable	67,772	(79,039)
Prepaid expenses	5,397	14,130
Advances to member institutions	(204,813)	83,515
Accounts payable and accrued liabilities	317,374	25,594
Deferred contributions	134,812	(83,513)
Deferred grants	(6,363)	6,363
Net cash used by operating activities	(164,151)	(175,854)
Decrease in cash	(164,151)	(175,854)
Cash, beginning of year	1,923,499	2,099,353
Cash, end of year	\$ 1,759,348	\$ 1,923,499

See accompanying notes to financial statements.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

Notes to Financial Statements

Year ended March 31, 2020

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, 2020

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 or reported. 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 or reported.

(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.

2. Due from Heart and Stroke Foundation:

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

	2020	2019
Amount due, beginning of year	\$ 564	\$ 129,849
Amount received	(1,500,000)	(2,197,139)
Contributions recognized	2,000,000	2,067,854
Amount due, end of year	\$ 500,564	\$ 564

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

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Year ended March 31, 2020

3. 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, 2019.

4. Commitments:

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

2021	\$ 650,277
	<hr/> \$ 650,277 <hr/>

5. 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.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

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Year ended March 31, 2020

5. Financial Instruments (continued):

(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 currency risk:

Foreign currency 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.

(iii) Other price risk:

Other price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Organization is not exposed to other price risk.

There have been no significant changes to the risk exposures from 2019.

6. Impact of Coronavirus COVID-19 Pandemic:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

(a) Current year transactions:

For the year, ended March 31, 2020 there has been no significant financial impact on the organization.

(b) Subsequent events related to COVID-19:

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditor's report that provide additional evidence relating to conditions that existed as at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements at this time.

HEART AND STROKE FOUNDATION CANADIAN PARTNERSHIP FOR STROKE RECOVERY

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Year ended March 31, 2020

6. Impact of Coronavirus COVID-19 Pandemic (continued):

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Organization's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities and the use of unrestricted net assets to fund on-going operations. An estimate of the financial effect of the pandemic on the Organization is not practicable at this time.