

The Sharon Francis Institute for Regenerative Medicine

Financial Statements

For the Year Ended December 31, 2017

The Sharon Francis Institute for Regenerative Medicine

For the Year Ended December 31, 2017

CONTENTS

	<u>Page</u>
Financial Statements	
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

Independent Auditor's Report

To the Board of Directors
The Sharon Francis Institute for Regenerative Medicine

We have audited the accompanying financial statements of The Sharon Francis Institute for Regenerative Medicine, which comprise the statement of financial position as at December 31, 2017 and the statement of activities, net assets and cash flows for the year then ended, and a summary of significant accounting policies.

Board of Directors' Responsibility for the Financial Statements

Board of Directors are 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 Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the auditors' 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, the auditor considers 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 Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits 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 The Sharon Francis Institute for Regenerative Medicine as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 and 7 to the financial statements, which describes that the Organization adopted Canadian accounting standards for not-for-profit organizations on January 1, 2017 with a transition date of January 1, 2016. These standards were applied retrospectively by the Board of Directors to the comparative information in these financial statements, including the statement of financial position as at December 31, 2016 and January 1, 2016, and statement of activities, changes in net assets and cash flows for the year ended December 31, 2017 and related disclosures. We were not engaged to report on the comparative information, and as such, it is unaudited.



Think Accounting & Consulting P.C.

Think Accounting and Consulting Professional Corporation
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

Mississauga, Ontario

June 25, 2018

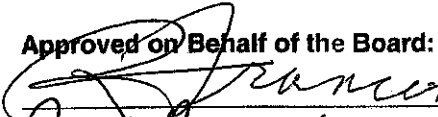
The Sharon Francis Institute for Regenerative Medicine

Statement of Financial Position

December 31, 2017

	2017	2016	January 1, 2016
		(Unaudited)	(Unaudited)
Assets			
Current Assets			
Cash	\$ 999,986	\$ -	\$ -
Total Assets	\$ 999,986	\$ -	\$ -
Liabilities and Net Assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 5,000	\$ -	\$ -
Total Liabilities	5,000	-	-
Net Assets			
Net assets	994,986	-	-
Total Liabilities and Net Assets	\$ 999,986	\$ -	\$ -

Approved on Behalf of the Board:

 Chairman

 Executive Director

25 June 18

The accompanying notes are an integral part of these financial statements.

The Sharon Francis Institute for Regenerative Medicine

Statement of Activities

For the Year Ended December 31, 2017

	2017	2016
		(Unaudited)
Revenue		
Donations	\$ 1,000,000	\$ -
Contributed services (Note 3.b) and (Note 4)	9,726	-
Total revenue	1,009,726	-
Expenses		
Advertising and promotion	170	-
Interest and bank charges	14	-
Professional fees (Note 3.b) and (Note 4)	14,556	-
Total expenses	14,740	-
EXCESS REVENUE OVER EXPENSES	\$ 994,986	\$ -

The accompanying notes are an integral part of these financial statements.

The Sharon Francis Institute for Regenerative Medicine

Statement of Net Assets

For the Year Ended December 31, 2017

	2017	2016	January 1, 2016
		(Unaudited)	(Unaudited)
Net assets - beginning	\$ -	\$ -	\$ -
Excess revenue over expenses	994,986	-	-
Net assets - ending	\$ 994,986	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

The Sharon Francis Institute for Regenerative Medicine

Statement of Cash Flows

For the Year Ended December 31, 2017

	2017	2016
		(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess revenue over expenses	\$ 994,986	\$ -
Increase in accounts payable and accrued expenses	5,000	-
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	999,986	-
Net cash increase in cash and cash equivalents	999,986	-
Cash and cash equivalents at end of period	\$ 999,986	\$ -

The accompanying notes are an integral part of these financial statements.

The Sharon Francis Institute for Regenerative Medicine

Notes to the Financial Statements

December 31, 2017

1. Status and purpose of the Organization

The Sharon Francis Institute for Regenerative Medicine (the "Organization") is a not-for-profit organization incorporate without share capital under the Canada Not-for-profit Corporation Act. The Organization's purposes are:

- i. To advance education by conducting and/or funding research in the field of medicine, including regenerative medicine, and disseminating the result of the research to the public.
- ii. To receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to qualified donees as defined in subsection 149.1 (1) of the Income Tax Act (Canada), and
- iii. To undertake activities ancillary and incidental to the attainment of the above purposes.

2. First time adoption of Canadian accounting standards for not-for-profit

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements are the first financial statements for which the Organization applied Canadian accounting standards for not-for-profit organizations. First-time adoption of this new basis of accounting had no impact on the Organization's excess of revenue over expenses for the year ended December 31, 2017 or on net assets as at January 1, 2016, the date of transition.

3. Significant accounting policies

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

a. Revenue recognition

The Organization follows the deferral method of accounting for external funding. Restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b. Contributed services

Related party paid approximately \$9,700 for legal fees on behalf of the Organization. The value for these services are realized as contributed services and recorded at cost in the financial statements.

c. Cash and cash equivalents

The Organization's policy is to present bank balance under cash and cash equivalents.

d. Use of estimates

The preparation of the financial statements requires the Board of Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to accounts payable and related party transactions.

4. Related party transactions

Related parties are considered to be board members, senior management team, staff of the Organization, and organizations with whom the Organization shares common significant influence.

The Sharon Francis Institute for Regenerative Medicine

Notes to the Financial Statements

December 31, 2017

4. Related party transactions continued

During the year, \$1,000,000 (2016 - \$Nil) of donation was received from an organization that is related to the Organization by virtue of common significant influence. This amount was recognized as *Donations revenue* on the Statement of Activities.

Furthermore, during the year, another organization that is also related to the Organization by virtue of common significant influence incurred \$9,726 (2016 - \$Nil) of expenses on behalf the Organization, for which a reimbursement is not expected. This amount was recognized as *Contribution services revenue* on the Statement of Activities, along with the corresponding expenses for the same amount. The same organization also provided management services and use of premises to the Organization, for which no monetary consideration was exchanged.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and are in the normal course of operations.

5. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis presents the Organization's exposures to significant risk at the reporting date:

Fair value

The Organization's current financial instruments recognized in the statement of financial position consist of accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amounts.

Credit risk

The Organization is exposed to credit risk with respect to the deposit in the chequing account. The deposit exceeds the amount that can be secured by the Canada Deposit Insurance Corporation ("CDIC"). The Organization assesses, on continuous basis that deposits are invested with large financial institutions.

Interest rate risk

The Organization is exposed to interest rate risk on the deposit. The deposit subjects the Organization to a fair value risk. As at December 31, 2017, the weighted average interest rate on the deposit was nominal.

6. Economic dependence

The Organization received approximately 99% of its donations from one donor.

7. Comparatives figures

The comparative figures for December 31, 2017 have not been audited. The auditor does not express any opinion on these comparative figures.