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Financial statements of  
The Sharon Francis Institute for  
Regenerative Medicine

December 31, 2018

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## Independent Auditor's Report

To the Members of  
Sharon Francis Institute for Regenerative Medicine

### Opinion

We have audited the financial statements of Sharon Francis Institute for Regenerative Medicine (the "Institute"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2018, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Institute 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 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 Institute'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 or to cease operations, or has no realistic alternative but to do so.

### 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 GAAS 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.

As part of an audit in accordance with Canadian GAAS, 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 Institute'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 Institute'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 the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute 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, 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.

#### **Other Matter**

The Statement of Financial Position as at 31 December 2017 and the Statements of operation and changes in net assets and of cash flows for the year then ended were audited by another auditor who issued an unqualified opinion on June 25, 2018.

*Deloitte LLP*


Chartered Professional Accountants  
Licensed Public Accountants  
May 30, 2019

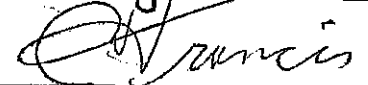
**The Sharon Francis Institute for Regenerative Medicine**  
**Statement of financial position**  
As at December 31, 2018

	Notes	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash		1,033,464	999,986
Accounts receivable		24	—
		<b>1,033,488</b>	<b>999,986</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	3	17,273	5,000
<b>Net assets</b>			
		<b>1,016,215</b>	994,986
		<b>1,033,488</b>	<b>999,986</b>

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

Approved on behalf of the board

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

**The Sharon Francis Institute for Regenerative Medicine**  
**Statement of operations and changes in net assets**  
Year ended December 31, 2018

	Notes	2018 \$	2017 \$
<b>Revenue</b>			
Donations	3	55,228	1,000,000
Donations in kind	3	36,989	9,726
		<u>92,217</u>	<u>1,009,726</u>
<b>Expenses</b>			
Administration	3	39,449	—
Professional fees	3	10,975	14,556
Accounting fees		10,550	—
Fundraising		5,793	—
Operations		2,711	—
Credit card		1,510	—
Advertising and promotion		—	170
Interest and bank charges		—	14
		<u>70,988</u>	<u>14,740</u>
Excess revenue over expenses		21,229	994,986
Net assets, beginning of year		994,986	—
<b>Net assets, end of year</b>		<u>1,016,215</u>	<u>994,986</u>

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

**The Sharon Francis Institute for Regenerative Medicine**  
**Statement of cash flows**  
Year ended December 31, 2018

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	<b>2018</b>	2017
	\$	\$
<b>Operating activities</b>		
Excess revenue over expenses for the year	<b>21,229</b>	994,986
Change in accounts payable and accrued expenses	<b>12,273</b>	5,000
Change in accounts receivable	<b>(24)</b>	—
Net increase in cash	<b>33,478</b>	999,986
Cash at beginning of year	<b>999,986</b>	—
<b>Cash at end of year</b>	<b>1,033,464</b>	999,986

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

# The Sharon Francis Institute for Regenerative Medicine

## Notes to the Financial Statements

December 31, 2018

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### 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. 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 restricted fund method of accounting for revenue, whereby donations and other contributions are recognized as revenue when received or receivable if the amount to be received can be reasonable estimated and collection is reasonable assured.

#### (b) Donations in kind

Donations in kind are recognized in the financial statement when the fair value can be reasonably determined and if the Institute would have purchased the goods and services in the ordinary course of business.

#### (c) Use of estimates

The preparation of the financial statements requires management 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. The balances which require some degree of estimation are accounts payable and accrued liabilities and related party transactions.

#### (d) Financial instruments

The Institute's financial assets are comprised of cash and accounts receivable; financial liabilities are comprised of accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when the Institute becomes a part to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.



**3. Related party transaction and balances**

During the year, an amount of \$6,200 (2017 - \$1,000,000) was received from a company in which a director of the Institute is also a director. This amount is included in Donations revenue on the Statement of operations.

In addition, during the year, another company in which a director of the Institute is also a director, had the following transactions with the Institute:

- Incurred expenses of \$36,989 (2017 - \$9,756) on behalf the Institute, for which no reimbursement is required. This amount is included in Donations-in-kind revenue and in various expense lines on the Statement of operations.
- Provided management services and use of premises to the Institute, for which no monetary consideration was exchanged.
- Incurred expenses of \$7,069 (2017 - nil), \$2,439 of which is included in Operations and \$4,630 in Fundraising expenses on the Statement of operations. The full amount is included in Accounts payable and accrued liabilities.