
Financial statements of
The Sharon Francis Institute for
Regenerative Medicine

December 31, 2019

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations and changes in net assets	4
Statement of cash flows	5
Notes to the financial statements	6-7

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 "Organization"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in net assets and 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 Organization as at December 31, 2019, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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 Organization'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 Organization'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 Organization 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 28, 2020

The Sharon Francis Institute for Regenerative Medicine
Statement of financial position
 As at December 31, 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		218,200	1,033,464
Short-term investments	4	803,061	—
Accounts receivable		—	24
		1,021,261	1,033,488
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		7,782	17,273
Net assets			
		1,103,479	1,016,215
		1,111,261	1,033,488

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

Approved on behalf of the Board of Directors


 _____, Chairman


 _____, Executive Director

The Sharon Francis Institute for Regenerative Medicine
Statement of operations and changes in net assets
Year ended December 31, 2019

	Notes	2019 \$	2018 \$
Revenue			
Donations	3	117,982	55,228
Donations-in-kind	3	54,702	36,989
Interest income	4	3,061	—
		175,745	92,217
Expenses			
Administration	3	71,703	39,449
Accounting fees		9,770	10,550
Professional fees	3	4,963	10,975
Credit card fees		1,282	1,510
Operations		763	2,711
Fundraising fees		—	5,793
		88,481	70,988
Excess revenue over expenses before grants		87,264	21,229
Grants disbursed		90,000	—
(Deficiency) excess revenue over expenses for the year		(2,736)	21,229
Net assets, beginning of year		1,016,215	994,986
Net assets, end of year		1,013,479	1,016,215

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, 2019

	2019	2018
	\$	\$
Operating activities		
(Deficiency) excess revenue over expenses for the year	(2,736)	21,229
Item not affecting cash		
Accrued interest on short-term investments	(3,061)	—
Change in accounts payable and accrued liabilities	(9,491)	12,273
Change in accounts receivable	24	(24)
	(15,264)	33,478
Investing activity		
Purchase of short-term investments	(800,000)	—
Net (decrease) increase in cash	(815,264)	33,478
Cash, at beginning of year	1,033,464	999,986
Cash, at end of year	218,200	1,033,464

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, 2019

1. Status and purpose of the Organization

The Sharon Francis Institute for Regenerative Medicine (the "Organization") is a Registered Charitable Organization incorporated without share capital under the *Canada Not-for-profit Corporations Act*. The Organization's charitable 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 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) 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) Grants

Grants are made from time to time to qualified donees to meet the Organization's charitable disbursement quota as required by *Income Tax Act (Canada)*.

(d) Financial instruments

The Organizations financial assets are comprised of cash, short-term investments 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 Organization becomes a part to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for short-term investments which are measured at fair value.

Interest earned on short-term investments are included in interest income on an accrual basis in the statement of operations.

(e) 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 accrued liabilities and related party transactions.

The Sharon Francis Institute for Regenerative Medicine

Notes to the Financial Statements

December 31, 2019

3. Related party transactions

Related parties of the Organization include its board members, the senior management team, staff of the Organization, and organizations with whom the Organization shares common significant influence.

During the year, donations in the amount of \$1,535 (2018 - \$6,200) were received from related parties. These donations are included Donations revenue on the Statement of operations and changes in net assets.

Furthermore, during the year, a related party incurred \$36,280 (2018 - \$36,989) of expenses on behalf the Organization, for which a reimbursement was not requested. This contribution is recognized as Donations-in-kind revenue on the Statement of operations and changes in net assets, along with the corresponding expenses in the same amount on various expense lines on the Statement of operations and changes in net assets.

The same related party also provided management services and use of premises to the Organization, for which no monetary consideration was exchanged. This related party also incurred fundraising expenses of \$nil (2018 - \$7,069). These fundraising expenses are recognized on the Statement of operations and changes in net assets.

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.

4. Short-term investments

Short-term investments consist of guaranteed investment certificates with interest rates ranging from 1.25% to 1.6% and maturity in September 2020.

5. Financial instruments

Interest rate risk

The fair value of the short-term investments is sensitive to changes in interest rates.

6. Subsequent event

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus.

The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.