

# **Rick Hansen Institute**

Financial Statements

**March 31, 2018**



June 26, 2018

## **Independent Auditor's Report**

**To the Directors of  
Rick Hansen Institute**

We have audited the accompanying financial statements of Rick Hansen Institute, which comprise the statement of financial position as at March 31, 2018 and the statement of operations and fund balances, and cash flows for the year then ended, and the related notes, which comprise 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.

### **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 auditor's 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 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.

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*PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806*



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rick Hansen Institute as at March 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.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

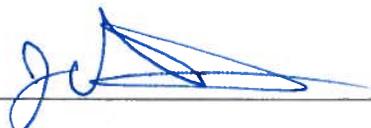
**Rick Hansen Institute**  
Statement of Financial Position  
As at March 31, 2018

	2018 \$	2017 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,303,493	705,821
Investments (note 3)	1,935,512	3,719,918
Accounts receivable	10,024,881	11,595
Due from related party (note 9)	102,115	-
Prepaid expenses	74,719	98,676
	<u>13,440,720</u>	<u>4,536,010</u>
<b>Capital assets (note 4)</b>	<u>37,456</u>	<u>80,894</u>
	<u>13,478,176</u>	<u>4,616,904</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 5)	1,192,188	306,951
<b>Deferred contributions (note 6(a))</b>	11,821,247	3,853,486
<b>Deferred capital contributions (note 6(b))</b>	<u>37,457</u>	<u>80,894</u>
	13,050,892	4,241,331
<b>Unrestricted funds</b>	<u>427,284</u>	<u>375,573</u>
	<u>13,478,176</u>	<u>4,616,904</u>
<b>Economic dependence (note 11)</b>		
<b>Commitments and contingencies (note 7)</b>		

Approved by the Board of Directors



Director



Director

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

# Rick Hansen Institute

## Statement of Operations and Fund Balances

For the year ended March 31, 2018

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	2018 \$	2017 \$
<b>Revenue</b>		
Grants and contributions (notes 6(a) and 9)	10,467,564	10,716,707
Donations and sponsorships	3,227	172
Interest income	50,561	64,211
Other income	32,677	60,514
Amortization of deferred capital contributions (note 6(b))	50,709	67,020
	<hr/> 10,604,738	<hr/> 10,908,624
<b>Expenses</b> (notes 9 and 10)		
Translational research	6,508,948	5,652,886
Best practice implementation	1,047,863	1,730,950
Informatics	1,168,889	1,170,589
Network development	497,707	751,727
Best and brightest	281,875	92,875
Consumer engagement	646,562	942,220
Fundraising	-	25,879
Management and administration	401,183	471,126
	<hr/> 10,553,027	<hr/> 10,838,252
<b>Excess of revenue over expenses for the year</b>	51,711	70,372
<b>Unrestricted fund balance - Beginning of year</b>	<hr/> 375,573	<hr/> 305,201
<b>Unrestricted fund balance - End of year</b>	<hr/> 427,284	<hr/> 375,573

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

**Rick Hansen Institute**  
**Statement of Cash Flows**  
**For the year ended March 31, 2018**

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	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	51,711	70,372
Add: Non-cash items		
Depreciation of capital assets	50,709	67,020
Amortization of deferred capital contributions	(50,709)	(67,020)
	<u>51,711</u>	<u>70,372</u>
Change in non-cash working capital		
Accounts receivable	(10,115,401)	44,134
Prepaid expenses	23,957	262,497
Accounts payable and accrued liabilities	885,238	(1,675,800)
Deferred contributions	7,975,032	(1,022,261)
Due to/from related parties	-	(97,185)
	<u>(1,231,174)</u>	<u>(2,488,615)</u>
	<u>(1,179,463)</u>	<u>(2,418,243)</u>
<b>Cash flows from investing activities</b>		
Capital assets acquired	(7,271)	(46,826)
Net withdrawal of investments	1,784,406	2,053,060
	<u>1,777,135</u>	<u>2,006,234</u>
<b>Increase (decrease) in cash and cash equivalents</b>	597,672	(412,009)
<b>Cash and cash equivalents - Beginning of year</b>	<u>705,821</u>	<u>1,117,830</u>
<b>Cash and cash equivalents - End of year</b>	<u>1,303,493</u>	<u>705,821</u>
<b>Supplementary cash flow information</b>		
Non-cash operating activities		
Transfer of deferred contributions to deferred capital contributions	7,272	46,826

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

# Rick Hansen Institute

## Notes to Financial Statements

March 31, 2018

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### 1 Nature of operations

Rick Hansen Institute (the Institute) was incorporated on January 15, 2009 under the Canada Corporations Act. On October 26, 2009, the Institute was registered as a charity under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Institute commenced operations on January 1, 2010. A number of programs and the related assets were transferred from Rick Hansen Foundation (a related party) at that time.

The Institute's mission is to lead collaboration across the global spinal cord injury (SCI) community by providing resources, infrastructure, and knowledge and to identify, develop, validate, and accelerate the translation of evidence and best practices to reduce the incidence and severity of paralysis after SCI, improve health care outcomes, reduce long-term costs, and improve quality of life for those living with SCI.

### 2 Basis of preparation and significant accounting policies

Effective April 1, 2012, the Institute adopted Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Canadian Accounting Standards Board.

The significant accounting policies are summarized below:

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and short-term deposits with a maturity of less than 90 days.

#### Investments

Short-term investments include short-term deposits with maturities of one year or less and greater than 90 days. Long-term investments include fixed income securities with maturities of greater than one year from year-end. Investments are recorded at fair value with gains and losses recorded in the statement of operations. The Institute also includes cash held by the investment manager to be used for the purchase of investments in this balance. This cash is not available to the Institute for operational use.

#### Capital assets

Capital assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives at the following annual rates:

Office equipment	5 years
Computers - hardware	3 years
Computers - software	3 years
Leasehold improvements	10 years

# **Rick Hansen Institute**

## Notes to Financial Statements

March 31, 2018

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### **Revenue recognition**

The Institute follows the deferral method of accounting for restricted contributions. When receivable, the restricted contribution is deferred and recognized as revenue in the period in which the related expenses are incurred by the Institute. Restricted contributions applied toward the purchase of capital assets are deferred and amortized to revenue on a straight-line basis at a rate corresponding with the depreciation rate for the related capital assets. Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income comprises interest earned on investments and on cash and cash equivalents, and fair value changes in investments.

### **Grant expenditures**

The Institute recognizes a grant expense when the grant recipient has complied with the conditions to meet the terms of the grant agreement and the Institute has approved payment of the grant.

### **Allocation of expenses**

The Institute engages in translational research, best practice implementation, informatics, network development, best and brightest awards and consumer engagement. The Institute incurs a number of management and administration support costs and allocates these expenses to the programs proportionately based on the total full-time equivalents of the program. Management and administration support costs include accounting, human resources, information technology, purchasing, marketing and occupancy costs.

### **Financial instruments**

The Institute's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are initially measured at fair value and subsequently carried at amortized cost. Short-term investments are initially measured, and subsequently carried, at fair value with gains and losses recognized in fair value change in investments.

### **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those reported. Items requiring the use of management estimates include useful lives of capital assets.

# Rick Hansen Institute

## Notes to Financial Statements

March 31, 2018

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### 3 Short-term investments

	2018 \$	2017 \$
Guaranteed Investment Certificates	1,935,512	3,719,918

### 4 Capital assets

	2018	2017		
	Cost \$	Accumulated depreciation \$	Net book value \$	Net book value \$
Office equipment	426,849	415,195	11,654	22,306
Computers - hardware	360,531	336,630	23,901	55,281
Computers - software	168,351	166,450	1,901	3,307
Leasehold improvements	47,901	47,901	-	-
	1,003,632	966,176	37,456	80,894

### 5 Government remittances

Government remittances consist of amounts (such as sales taxes, payroll withholdings, employee benefit costs, worker's compensation premiums) required to be paid to government authorities and are recognized when the amounts become due. At March 31, 2018, \$2,063 (2017- \$2,549) is included within accounts payable and accrued liabilities.

# Rick Hansen Institute

## Notes to Financial Statements

March 31, 2018

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### 6 Deferred contributions

Deferred contributions represent the unspent portion of grants, contributions and donations that are externally restricted for specific purposes, such as research and community expenses. Recognition of deferred contributions is recorded as revenue in the statement of operations.

a) Deferred contributions

	Balance - Beginning of year \$	Contributions \$	Amounts recognized as revenue \$	Amounts transferred to deferred capital contributions \$	Balance - End of year \$
Rick Hansen Foundation	1,952,933	5,946,825	(7,515,843)	-	383,915
BC government	1,853,862	10,000,000	(477,945)	(7,272)	11,368,645
Ontario government	-	2,430,000	(2,430,000)	-	-
Alberta government	43,776	-	(43,776)	-	-
Other	2,915	65,772	-	-	68,687
	<u>3,853,486</u>	<u>18,442,597</u>	<u>(10,467,564)</u>	<u>(7,272)</u>	<u>11,821,247</u>

The Institute obtained Western Economic Diversification, Ontario and Manitoba government contributions through its assignment of funding from Rick Hansen Foundation.

b) Deferred capital contributions

	2018 \$	2017 \$
Balance - Beginning of year	80,894	101,088
Allocation of deferred contributions (note 6(a))	7,272	46,826
Amounts amortized to revenue	<u>(50,709)</u>	<u>(67,020)</u>
Balance - End of year	<u>37,457</u>	<u>80,894</u>

# Rick Hansen Institute

## Notes to Financial Statements

March 31, 2018

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### 7 Commitments and contingencies

a) Operating leases

The aggregate minimum future annual payments under operating leases are as follows:

	\$
2019	5,692
2020	5,692
2021	5,692
	<hr/>
	17,076
	<hr/>

b) Commitments under grant agreements are as follows:

	\$
2019	944,595
2020	894,000
	<hr/>
	1,838,595
	<hr/>

The Institute has committed funds to other organizations to undertake research in future periods. The actual grant payments are conditional on the organization meeting performance and reporting requirements.

### 8 Risk management

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Institute is not exposed to significant currency risk.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Institute is exposed to interest rate risk on its fixed income securities as disclosed in note 3. Management believes this risk to be immaterial; however, it still frequently reviews the interest rates to mitigate risk to the Institute.

# Rick Hansen Institute

## Notes to Financial Statements

March 31, 2018

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c) Market risk and other price risk

Market risk and other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Institute's investment portfolio is exposed to market risk and other price risk due to changing market conditions. This risk is managed by holding low-risk investments in accordance with the Institute's policies.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Institute is not significantly exposed to credit risk, although, the Institute is economically dependent on the federal and provincial government as disclosed in note 11.

e) Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity risk is to ensure that it will have sufficient working capital and cash flow to fund operations and settle liabilities when due.

There were no significant changes in risk exposure from prior years.

## 9 Related party transactions

The Institute enters into arrangements and transactions in the normal course of business with Rick Hansen Foundation and other related entities.

		Transaction value	
	Note	2018 \$	2017 \$
<b>Rick Hansen Foundation</b>			
Contributions received	(i)	5,945,825	9,681,474
Other amounts received	(ii)	2,953	72,913
Amounts paid	(iii)	220,809	371,779
<b>Sam Sullivan Disability Foundation</b>			
Grants paid	(iv)	14,400	139,200
<b>Neil Squire Society</b>			
Grants paid	(iv)	11,400	110,200

(i) grants received in respect of contractual commitments under a number of contribution agreements included in deferred contributions and revenue. Included in the balance is an amount receivable of \$102,115.

(ii) other costs reimbursed under the terms of the reciprocal services agreement and netted against expenses;

# Rick Hansen Institute

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(iii) includes \$198,400 (2017 - \$198,400) rent for office space, \$nil (2017 - \$158,659) net cost reimbursement for services provided under the terms of the reciprocal services agreement and \$22,409 (2017 - \$14,720) in other costs included in expenses; and

(iv) grants paid to entities related by way of common individuals included in expenses.

### Board remuneration

Remuneration paid to elected directors during the year ended March 31, 2018 was \$nil (2017 - \$nil).

### 10 Allocation of expenses

Management and administration support costs are allocated to the programs as follows:

	2018 \$	2017 \$
Translational research	868,064	759,126
Best practice implementation	137,226	153,277
Informatics	314,105	315,429
Network development	52,869	75,429
Consumer engagement	38,874	40,336
	<hr/> 1,411,138	<hr/> 1,343,597

### 11 Economic dependence

Rick Hansen Foundation fundraises on behalf of the Institute. The Institute receives almost all of its funding from the federal and provincial governments.

### 12 Contingent asset

On February 27, 2018, the Federal Government committed \$23.6 million to RHI as part of their 2018 Budget. This amount is not reflected in these financial statements.