

Financial Statements of

**PRAXIS SPINAL CORD INSTITUTE**

And Independent Auditor's Report thereon

Year ended March 31, 2024



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Directors of Praxis Spinal Cord Institute

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of the Praxis Spinal Cord Institute (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2024
- the statement of operations and fund balances 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 March 31, 2024 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

## ***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 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 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 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

Vancouver, Canada  
June 25, 2024

# PRAXIS SPINAL CORD INSTITUTE

## Statement of Financial Position

March 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,069,566	\$ 2,694,647
Short-term investments (note 3)	9,554,140	100,898
Accounts receivable (note 11)	39,978	10,060,893
Prepaid expenses	94,112	79,507
	10,757,796	12,935,945
Capital assets (note 5)	41,674	54,713
Investment funds and long-term investments (note 4)	154,005	461,228
	\$ 10,953,475	\$ 13,451,886


## Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 578,802	\$ 712,672
Deferred contributions (note 7)	7,889,413	11,068,421
	8,468,215	11,781,093
Net assets:		
Unrestricted funds	2,485,260	1,670,793
	\$ 10,953,475	13,451,886

Commitments (note 8)

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

Approved on behalf of the Board:

  
Sean Gjos Director

  
Harbir Toor Director

# PRAXIS SPINAL CORD INSTITUTE

## Statement of Operations and Fund Balances

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Grants and contributions (note 7)	\$ 10,231,213	\$ 7,819,487
Donations and sponsorships	66,029	56,743
Investment income	633,243	23,677
Other income	156,399	412,631
	11,086,884	8,312,538
Expenses (note 10):		
Translational research	2,807,169	2,656,229
Best practice implementation	2,958,532	1,627,456
Innovation	1,525,000	1,433,319
Informatics	1,491,947	1,179,598
Persons of lived experience	906,604	356,999
Fundraising	96,643	106,939
Management and administration (note 10)	486,522	479,033
	10,272,417	7,839,573
Excess of revenue over expenses	814,467	472,965
Unrestricted fund balance, beginning of year	1,670,793	1,197,828
Unrestricted fund balance, end of year	\$ 2,485,260	\$ 1,670,793

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

# PRAXIS SPINAL CORD INSTITUTE

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 814,467	\$ 472,965
Items not involving cash:		
Depreciation of capital assets	46,789	79,136
Unrealized gains (losses) on investments	-	3,866
	861,256	555,967
Changes in non-cash working capital:		
Accounts receivable	10,020,915	(6,525,627)
Prepaid expenses	(14,605)	(16,503)
Accounts payable and accrued liabilities	(133,870)	392,706
Deferred contributions	(3,179,008)	7,172,513
	7,554,688	1,579,056
Investing:		
Purchase of capital assets	(33,750)	(28,706)
Purchase of short-term investments	(14,200,000)	-
Purchase of long-term investments	-	(152,865)
Proceeds from short-term investments	5,053,981	758,606
	(9,179,769)	577,035
Increase (decrease) in cash and cash equivalents	(1,625,081)	2,156,091
Cash and cash equivalents, beginning of year	2,694,647	538,556
Cash and cash equivalents, end of year	\$ 1,069,566	\$ 2,694,647

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

# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

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## 1. Nature of operations

Praxis Spinal Cord 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'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, help promote SCI commercialization, and improve quality of life for those living with SCI.

The Institute receives the majority of its funding from the Canadian Federal and BC Provincial governments. The Institute has received significant Federal and BC Provincial funding in the current year as well as BC Provincial funding for fiscal 2025-2026 and as a result, will be able to sustain normal course operations for the foreseeable future.

## 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:

### (a) 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.

### (b) Investments:

Short-term investments include short-term deposits with maturities of one year or less and greater than 90-days. Long-term investments include guaranteed investment certificates with maturities of greater than one year from purchase, if any. Such investments are recorded at fair value with gains and losses recorded in the statement of operations.

Investment funds are invested in market related blue chip stocks and are recorded at fair value with realized and unrealized gains and losses recorded in the statement of operations.

Long-term investments in non-publicly traded entities not subject to significant influence are recorded at cost and are assessed individually for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment the Institute determines if there is a significant adverse change in the expected timing or amount of future cash flows from the investment. If there is a significant adverse change in the expected cash flows, the carrying amount of the investment is reduced to the higher of the present value of the expected cash flows and the amount that could be realized from selling the investment. When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of the improvement.



# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

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## 2. Basis of preparation and significant accounting policies (continued):

(c) Subsidiaries:

During the 2020 fiscal year, the Institute incorporated a for-profit subsidiary, Praxis Neuro Ventures Inc. ("Neuro Ventures"), which is 100% owned by the Institute. Neuro Ventures was incorporated for a nominal value and is currently inactive.

(d) 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:

Asset	Rate
Office equipment	5 years
Computers - hardware	3 years
Computers - software	3 years
Leasehold improvements	Lease term

(e) 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 specifically for 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.

(f) 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.

(g) Allocation of expenses:

The Institute engages in and strengthens translational research, best practice implementation, commercialization, fundraising, informatics, network development, 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 equivalent employees of the program. Management and administration support costs include accounting, human resources, information technology, purchasing, marketing and occupancy costs (note 10).

# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

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## 2. Basis of preparation and significant accounting policies (continued):

### (h) Financial instruments:

The Institute's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, investment funds, convertible loans receivable (included within long-term investments) 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 and investment funds are initially measured, and subsequently carried, at fair value with gains and losses recognized in investment income. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at year-end if there is an indicator of impairment. If there is an indicator of impairment, the Institute determines if there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset. If there has been a significant adverse change, the carrying value of the financial asset is reduced to the greater of the present value of expected cash flows, the amount that could be realized by selling the asset, and the amount that could be realized by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the impairment, not exceeding the initial carrying value.

### (i) Foreign currency translation:

Monetary items denominated in a foreign currency are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired, or obligations incurred. Revenues and expenses are translated at average rates for the month in which they are incurred. Exchange gains and losses are included in the determination of excess of revenue over expenses for the period.

### (j) 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.

# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

## 2. Basis of preparation and significant accounting policies (continued):

### (k) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

## 3. Short-term investments:

	2024	2023
Guaranteed investment certificates – at fair value	\$ 9,215,795	\$ 100,898
Vancouver Foundation fund – at fair value	154,015	-
Jewish Foundation of Greater Toronto fund – at fair value	134,330	-
Comphy Sa – at cost	50,000	-
	<u>\$ 9,554,140</u>	<u>\$ 100,898</u>

During the 2019 fiscal year, the Institute established the Spinal Cord Injury Fund (the “Fund”) with the Vancouver Foundation with an initial capital contribution of \$100,000. After 5-years following the establishment of the Fund, the full balance may be withdrawn or transferred. Funds are recorded at fair value, with unrealized gains and losses recognized in investment income. In the 2025 fiscal year, the full balance of this investment will be able to withdrawn without penalty.

During the 2019 fiscal year, the Institute also established the Spinal Cord Injury Fund (the “SCI Fund”) with the Jewish Foundation of Greater Toronto (“JFGT”) with an initial capital contribution of \$100,000. Funds are recorded at fair value, with unrealized gains and losses recognized in investment income. In the 2025 fiscal year, the full balance of this investment will be able to withdrawn without penalty.

During the 2023 fiscal year, the Institute purchased a convertible loan of \$50,000 in Comphy Sa (the “Borrower”) with an interest rate of 5% per annum. The loan maturity date is for a fixed period of time until December 31, 2024. The loan balance shall be mandatorily converted into shares of the Borrower if the Borrower conducts its next Qualified Equity Financing Round before the maturity date. If prior to the maturity date, no Qualified Equity Financing Round has taken place, the loan balance may be converted into shares of the Borrower within 30 calendar days of the maturity date if such conversion is requested in writing by a majority of the lenders at least 30 calendar days prior to the maturity date.

# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

## 4. Investment funds and long-term investments:

	2024	2023
Vancouver Foundation fund – at fair value (note 3)	\$ -	\$ 135,096
Jewish Foundation of Greater Toronto fund – at fair value (note 3)	-	122,127
Starling Medical Inc. – at cost	51,140	51,140
Spinex Inc. – at cost	52,477	52,477
Kalagon Inc. – at cost	50,388	50,388
Comphy Sa – at cost (note 3)	-	50,000
	<u>\$ 154,005</u>	<u>\$ 461,228</u>

During the 2022 fiscal year, the Institute purchased a Simple Agreement for Future Equity (SAFE) valued at \$40,000 USD (\$51,140 CAD) in Starling Medical, Inc. (“SM”). The SAFE gives the Institute the right to certain shares of SM capital stock dependent on four future milestone events initiated by SM as outlined in the SAFE.

During the 2023 fiscal year, the Institute purchased a SAFE valued at \$50,000 USD (\$52,477 CAD) in Spinex, Inc. The SAFE gives the Institute the right to certain shares of Spinex capital stock dependent on four future milestone events initiated by Spinex as outlined in the SAFE.

During the 2023 fiscal year, the Institute purchased a SAFE valued at \$38,000 USD (\$50,388 CAD) in Kalagon, Inc. The SAFE gives the Institute the right to certain shares of Kalagon capital stock dependent on four future milestone events initiated by Kalagon as outlined in the SAFE.

## 5. Capital assets:

	2024		2023	
	Cost	Accumulated depreciation	Net book value	Net book value
Computers - hardware	\$ 777,442	\$ 735,768	\$ 41,674	\$ 53,256
Computers - software	418,567	418,567	-	-
Office equipment	181,093	181,093	-	1,457
Leasehold improvements	47,900	47,900	-	-
	<u>\$ 1,425,002</u>	<u>\$ 1,383,328</u>	<u>\$ 41,674</u>	<u>\$ 54,713</u>

Depreciation expense for the year is \$46,789 (2023 - \$79,136).

## 6. Government remittances and subsidies:

Government remittances consist of amounts (such as sales taxes, payroll withholdings, employee benefit costs, Worksafe BC) required to be paid to government authorities and are recognized when the amounts become due. At March 31, 2024, \$76,079 (2023 - \$3,034) is included within accounts payable and accrued liabilities.

# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

## 7. 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.

	Balance March 31, 2023	Contributions	Amounts recognized as revenue	Amounts returned to funder	Balance March 31, 2024
Federal government	\$ -	\$ 6,900,000	\$ (6,900,000)	\$ -	\$ -
BC government	10,841,424	-	(3,176,319)	-	7,665,105
Genome BC	38,569	-	(37,765)	(804)	-
BC Hydro – Climate	-	150,000	(117,129)	-	32,871
Donations	188,428	3,009	-	-	191,437
	<u>\$ 11,068,421</u>	<u>\$ 7,053,009</u>	<u>\$ (10,231,213)</u>	<u>\$ (804)</u>	<u>\$ 7,889,413</u>

	Balance March 31, 2022	Contributions	Amounts recognized as revenue	Amounts returned to funder	Balance March 31, 2023
Federal government	\$ -	\$ 4,900,000	\$ (4,900,000)	\$ -	\$ -
BC government	3,709,480	10,000,000	(2,868,056)	-	10,841,424
Genome BC	-	90,000	(51,431)	-	38,569
Donations	186,428	2,000	-	-	188,428
	<u>\$ 3,895,908</u>	<u>\$ 14,992,000</u>	<u>\$ (7,819,487)</u>	<u>\$ -</u>	<u>\$ 11,068,421</u>

## 8. Commitments:

Commitments under grant agreements are as follows:

2025	\$ 120,000
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These grant commitments are federally funded to support ongoing translational research and best practice implementation programs implemented in fiscal 2024.

# PRAXIS SPINAL CORD INSTITUTE

Notes to Financial Statements

Year ended March 31, 2024

## 9. 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 the value of its fixed income securities as disclosed in note 3. The Institute is not exposed to interest rate fluctuations as the guaranteed investments have locked in interest rates.

### (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 is exposed to market risk for its investment funds (note 4). This risk is managed by largely holding low to medium risk investments in accordance with the Institute's investment policies. The Institute is also exposed to market risk on its long-term investments in non-public entities.

### (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 exposed to significant credit risk.

### (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. The Institute is economically dependent on the federal and provincial governments as disclosed in note 1.

## 10. Allocation of expenses:

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

	2024	2023
Translational research	\$ 478,229	\$ 269,747
Best practice implementation	533,516	427,875
Innovation	301,312	232,541
Informatics	359,363	269,747
Persons of lived experience	345,541	134,873
Fundraising	27,643	46,508
	<u>\$ 2,045,604</u>	<u>\$ 1,381,291</u>