

Financial Statements

Open Medicine Foundation Canada

December 31, 2022

Open Medicine Foundation Canada

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Independent auditor's report

March 21, 2023

To the directors of **Open Medicine Foundation Canada:**

Opinion

We have audited the accompanying financial statements of **Open Medicine Foundation Canada** (the "Organization"), which comprise the statement of financial position as at December 31, 2022 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022 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. 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 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.

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 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 Responsibility for the Audit of 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 it 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 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 generally accepted auditing standards, we exercise professional judgement 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 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.



Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario



Open Medicine Foundation Canada
Statement of Financial Position

December 31	2022	2021
	\$	\$
ASSETS		
Current		
Cash	1,843,883	1,902,055
Harmonized sales tax recoverable	1,640	420
Prepaid expenses	1,875	755
	1,847,398	1,903,230
LIABILITIES		
Current		
Accounts payable and accrued liabilities	<u>10,847</u>	<u>9,701</u>
FUND BALANCES		
Unrestricted	522,867	570,651
Restricted [note 3]	<u>1,313,684</u>	<u>1,322,878</u>
	1,836,551	1,893,529
	1,847,398	1,903,230

see accompanying notes

On behalf of the Board:

Director

Director

Open Medicine Foundation Canada

Statement of Operations and Changes in Fund Balances

Year ended December 31	2022 Unrestricted \$	2022 Restricted \$	2022 Total \$	2021 Total \$
Revenue				
Contributions and grants	222,038	1,206,541	1,428,579	1,658,414
Interest income	8,429		8,429	36
Gain (loss) on sale of investments	<u>1,459</u>	<u></u>	<u>1,459</u>	<u>(8,735)</u>
	<u>231,926</u>	<u>1,206,541</u>	<u>1,438,467</u>	<u>1,649,715</u>
Expenses				
Grant research	1,467,620		1,467,620	737,472
Professional and consulting services	19,350		19,350	18,445
Administration	5,044		5,044	3,807
Merchant fees	<u>3,431</u>	<u></u>	<u>3,431</u>	<u>5,056</u>
	<u>1,495,445</u>	<u>NIL</u>	<u>1,495,445</u>	<u>764,780</u>
Excess (deficiency) of revenue over expenses	(1,263,519)	1,206,541	(56,978)	884,935
Fund balances, beginning of year	570,651	1,322,878	1,893,529	1,008,594
Interfund transfers [note 4]	1,215,735	(1,215,735)	NIL	NIL
Fund balances, end of year	<u>522,867</u>	<u>1,313,684</u>	<u>1,836,551</u>	<u>1,893,529</u>

see accompanying notes

Open Medicine Foundation Canada
Statement of Cash Flows

Year ended December 31	2022 \$	2021 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	(56,978)	884,935
Adjustment for items not affecting cash -		
In-kind contributions	(107,669)	(276,347)
(Gain) loss on sale of investments	<u>(1,459)</u>	<u>8,735</u>
	(166,106)	617,323
Changes in non-cash working capital balances -		
(Increase) decrease in harmonized sales tax recoverable	(1,220)	1,267
(Increase) decrease in contributions receivable		300,000
(Increase) decrease in prepaid expenses	(1,121)	(755)
Increase (decrease) in accounts payable and accrued liabilities	<u>1,147</u>	<u>144</u>
	(167,300)	917,979
INVESTING ACTIVITIES		
Proceeds on sale of investments	<u>109,128</u>	<u>267,612</u>
Net change in cash during the year	(58,172)	1,185,591
Cash, beginning of year	1,902,055	716,464
Cash, end of year	1,843,883	1,902,055

see accompanying notes

Open Medicine Foundation Canada

Notes to Financial Statements

December 31, 2022

1. PURPOSE OF THE ORGANIZATION

Open Medicine Foundation Canada (the "Organization") was established to support medical and clinical research for patients suffering from chronic complex diseases with collaboration between patients, clinicians and researchers.

The Organization was incorporated on June 11, 2018 under The Corporations Act (Manitoba) as a corporation without share capital. Effective June 6, 2019, the Organization continued under the Canada Not-for-profit Corporations Act.

The Organization is a registered charity under the Income Tax Act (Canada) [the "Act"] and, therefore, is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Fund accounting

The Organization follows the restricted fund method of accounting for contributions.

Unrestricted funds can be used in accordance with charitable objectives at the discretion of the Organization.

Restricted funds can only be used for particular restricted purposes within the objectives of the Organization. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Revenue recognition

Unrestricted contributions and grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions and grants are recognized as revenue of the appropriate restricted fund.

Interest income is recognized on an accrual basis. Gains and/or losses on investments are recognized when realized.

Cash

Cash consists primarily of cash on hand and balances within bank accounts held with financial institutions.

Open Medicine Foundation Canada
Notes to Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable

Contributions receivable represents contributions to the Organization by private donors that are collectable after the year end. Because of the uncertainty surrounding the collectability of contributions receivable, the Organization recognizes only those contributions for which the realizable value can be reasonably estimated and ultimate collection can be assured.

Grant research

Grant research represents funds granted to clinical and academic researchers and facilities for direct research of chronic complex illnesses studies.

Contributed goods and services

The Organization receives contributions of goods and services that assist the Organization in carrying out its activities. Contributed goods and services are recorded at their fair value at the date of contribution only if the fair value can be reasonably estimated.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, contributions receivable and accounts payable and accrued liabilities.

The Organization has no financial assets or liabilities measured at fair value.

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations and changes in fund balances. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations and changes in fund balances.

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3. RESTRICTED FUND BALANCES

Fund balances with donor restrictions for the following purposes or periods consist of the following:

	January 1, 2022 \$	Additions \$	Transfers \$	Releases \$	December 31, 2022 \$
<i>ME/CFS Collaborative Research Center at CHU Sainte Justine/ Université de Montréal</i>	1,474	507	-	-	1,981
REMEDIAL	302,632	967,072	-	(944,703)	325,001
DOMINO-ME	131,317	-	-	(131,317)	-
RASPBERRY-ME	-	-	139,715	(139,715)	-
Fibromyalgia Research	-	120	-	-	120
<i>ME/CFS Collaboration at Uppsala University</i>					
Deep Assessment of Neuroinflammation	-	-	772,000	-	772,000
<i>The Ronald G. Tompkins Harvard ME/CFS Collaboration</i>	314	284	-	-	598
Microglial Activation	672,000	100,000	(772,000)	-	-
iCPET Multi-Omic	206,546	-	(139,715)	-	66,831
<i>ME/CFS Collaborative Research Center at Stanford University</i>	4,944	1,908	-	-	6,852
<i>ME/CFS Research</i>	3,651	450	-	-	4,101
<i>Clinical Trials</i>	-	136,200	-	-	136,200
	1,322,878	1,206,541	-	(1,215,735)	1,313,684

4. INTERFUND TRANSFERS

Transfers between funds are required when resources of the restricted fund have been authorized to finance activities pursuant to donor stipulations. In 2022, \$1,215,735 (2021 - \$737,472) was transferred from the restricted fund.

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5. RELATED PARTY TRANSACTIONS

The Organization operates in conjunction with Open Medicine Foundation ("OMF"), an established charitable organization headquartered in the United States with congruent objectives, which assists in the administration of the charitable activities and programs of the Organization. Two members of the board of directors of the Organization are also members of OMF's board of directors.

OMF has provided management and administrative services on behalf of the Organization.

6. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Organization is not exposed to significant credit risk, liquidity risk or market risk. The Organization has no changes in its risk exposure from the previous period.