



2013–2014
STEM CELL NETWORK
ANNUAL REPORT

Mission Statement

The Stem Cell Network's mission is to act as a catalyst for enabling the translation of stem cell research into clinical applications, commercial products and public policy.

SCN Strategic Programs

The SCN research portfolio includes four Strategic Programs. These cover areas in which Canada is internationally competitive and can have a significant impact through strategic investment.

Strategic Program 1: Cellular Therapeutics

This program promotes development of novel cell-based approaches for tissue repair and regeneration within specific disease models.

Strategic Program 2: Pharmacological Applications

This program focuses on developing novel stem cell-related therapeutics based, for example, on stem cell activation, self-renewal and/or differentiation.

Strategic Program 3: Technology Development

This program is aimed at generating novel technologies for stem cell-related research and therapeutics, which would enable Programs 1 and 2 research.

Strategic Program 4: Public Policy and Ethical, Legal and Social Issues

As with many emerging areas of biotechnology, stem cell research raises complex questions and issues. This program addresses the public policy implications of Strategic Programs 1, 2 and 3, as well as other issues relevant to the SCN mandate.

SCN Research Portfolio

Global Projects

Global Research projects have the potential for major global impact—to be “a beacon for Canada” in the global stem cell community—and have identified tangible deliverables readily translatable to human health. Projects are aligned with at least one of SCN's Strategic Programs and build on internationally recognized Canadian expertise and strengths in the stem cell field.

Impact Projects

Impact Grant projects pursue focused research questions with high potential for impact in the areas of clinical translation, commercialization or public policy.

Drug Discovery Projects

Stem Cell Drug Discovery projects pursue focused research questions to identify compounds that modulate stem cell function and demonstrate potential clinical applications.

Core ELSI Projects

Core ELSI projects are large multidisciplinary initiatives that pursue integrated goal-directed programs to address major research outcomes related to Public Policy and Ethical, Legal and Social Issues in the field of stem cell research.

Cell Therapy Accelerator Projects

Cell Therapy Accelerator projects are aimed at advancing Canada's capacity in stem cell manufacturing, and support the associated implementation of cell-based trials.



Networks of Centres
of Excellence
Réseaux de centres
d'excellence

Canada

Directors' Message

A message from SCN's Board Chair, Scientific Director and Executive Director

In 2001, the Stem Cell Network (SCN) was funded with a mission to act as a catalyst for enabling the translation of stem cell research into clinical applications, commercial products and public policy. In 13 years, our network has transformed stem cell research in Canada and established an outstanding international reputation. Through our innovative multidisciplinary and multi-sectoral research programs, we have pushed the boundaries of basic research towards translational outcomes in the clinic and partnerships with industry.

SCN's research investments have catalyzed 12 clinical trials, enabled 11 start-up companies, trained over 1,900 highly qualified personnel, incubated several international and Canadian research networks and organizations and established the Till & McCulloch Meetings, Canada's premier stem cell research conference.

Two of the clinical trials were launched this year: Dr. Duncan Stewart at the Ottawa Hospital Research Institute (OHRI) is using gene-enhanced stem cells to rebuild heart muscles and at Toronto's SickKids Hospital, Dr. Freda Miller is testing the capacity of the drug metformin

to instigate brain repair in children recovering from brain cancer. Both researchers highlighted the importance of SCN funding in the research that preceded these trials, and they each represent shining examples of the success SCN's strategy has wrought.

This past year, SCN's work in knowledge mobilization has also brought a significant dividend with the establishment of CellCAN. Facilitated by SCN, CellCAN will enable Canada's large cell therapy centres to streamline processes and share knowledge in order to efficiently produce the materials required to develop innovative therapies for many diseases that currently lack cures. The need for these centres has never been greater, and the timing of CellCAN's launch bodes well for the therapeutic capacity of the Canadian health care system.

With these rapidly-accumulating developments in the stem cell field, communicating with public audiences is of extreme importance. The Network's Public Outreach Award has, for three years, sought to address that need by encouraging researchers and trainees to directly engage with public audiences.

Over those three years, the award has had some significant achievements, among which are the creation of a handbook on stem cell therapies for patients, caregivers and medical practitioners and the creation of the award-winning StemCellShorts animated video series. Further, the Network engaged with partners in Canada, the United States, the UK and Europe to produce “Super Cells”, a science exhibit that reveals the world of stem cells to children ages 5-15 and their families. In development for two years, the exhibit opened in Canada in September 2014 and will travel to science centres in England, California and Canada over a five-year tour. Whether looked at individually or collectively, these achievements represent significant progress in keeping the Canadian public informed of what’s happening with stem cell research.

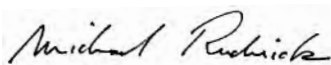
The Network’s training program has also been continually updated as stem cell research continues to advance, a necessity in keeping trainees competitive in the field. Last year, we partnered with OHRI to launch the Approaches to Clinical & Translational Research Workshop in Ottawa, which focused on the process and tools required to transition a basic science discovery down the clinical translation path. Trainees were also encouraged to take part in career development opportunities at the 2013 Till & McCulloch Meetings in Banff and to apply for competitive bursary competitions to four other SCN-supported courses and workshops.

Through strategic investments and a focus on collaboration, SCN has expanded Canada’s capacity to conduct stem cell research, while engaging over 120 biologists, clinicians, bio-engineers, lawyers, ethicists and social scientists from 33 Canadian universities and hospitals and international collaborators from 39 institutions in eight countries. These stakeholders have worked closely together within the Stem Cell Network to bring rigour and innovation to Canadian stem cell research and to improve the welfare of Canadians. Although the Network’s mandate is coming to a close, its legacy has set the stage for continued progress, the benefits of which will be realized in Canada and worldwide.



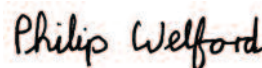
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Michael Rudnicki

Scientific Director



Philip Welford

Executive Director

Network Community

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of Alberta

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of British Columbia

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Assistant Professor, McMaster University

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Director of Translational Medicine, Harvard Stem Cell Institute

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Debra Matthews

Professor, Johns Hopkins Berman Institute of Bioethics

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Dalhousie University

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Kerry Goralski
Ivar Mendez
Christopher Sinal

Hôpital Maisonneuve-Rosemont

Gilbert Bernier
Jean-Sébastien Delisle

Hospital for Sick Children

Peter Dirks
James Ellis
David Kaplan
Donald Mabbott
Freda Miller
Janet Rossant

Institut de recherches cliniques de Montréal

Jacques Drouin

International Collaboration On Repair Discoveries (ICORD)

Wolfram Tetzlaff

Jewish General Hospital

Colin Crist

Lawson Health Research Institute

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McGill University

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Richard Gold
Yann Joly
Bartha Knoppers
Vural Ozdemir
Lawrence Rosenberg

McMaster University

Mick Bhatia
Jon Draper
John Hassell
Sheila Singh

Montréal Heart Institute

Hung Ly

**Mount Sinai Hospital
(Samuel Lunenfeld Research
Institute)**

Andras Nagy
Ian Rogers
Jeff Wrana

**Ontario Cancer Institute,
Princess Margaret Hospital**

Jim Till

**Ottawa Hospital
Research Institute**

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David Courtman
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William Stanford
Duncan Stewart
Bernard Thebaud
Valerie Wallace
Ron Worton

Queen's University

David Lillicrap

Robarts Research Institute

Arthur Brown
Gregory Dekaban

Simon Fraser University

Bingyun Sun
Robert Young

**Sunnybrook and Women's
College Health Sciences
Centre**

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Université de Montréal

Anne Marinier
Bernard Massie
Denis-Claude Roy
Guy Sauvageau

Université Laval

François Auger
Frédéric Barabé
Alain Garnier
Lucie Germain
Veronique Moulin
Jacques Tremblay

University Health Network

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Norman Iscove
Armand Keating
Gordon Keller
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Thomas Waddell

University of Alberta

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Sean Caulfield
Timothy Caulfield
Liz Ingram
Christopher McCabe

Devidas Menon

Ubaka Ogbogu

University of British Columbia

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Connie Eaves
Carl Hansen
Keith Humphries
Judy Illes
James Johnson
Aly Karsan
Timothy Kieffer
Brian Kwon
Francis Lynn
Marc Marra
Michael McDonald
Kelly McNagny
James Piret
Fabio Rossi
Michael Underhill
Bruce Verchere
Garth Warnock

University of Calgary

Leo Behie
Jeff Biernaskie
Fiona Costello
Edna Einsiedel
Vincent Gabriel
Michael Kallos
Roman Krawetz
Artee Luchman
Luanne Metz
Aru Narendran
Derrick Rancourt
Carol Schuurmans
Samuel Weiss
Von Wee Yong

University of Manitoba

Donna Wall

University of Ottawa

Jennifer Chandler

University of Ottawa
Heart Institute Research
Corporation

Darryl Davis

University of Regina

Craig Gelowitz
 Kathleen McNutt
 Amy Zarzeczny

University of Saskatchewan

Barbara von Tigerstrom

University of Toronto

Julie Audet
 Benjamin Blencowe
 John Davies
 Michael Fehlings
 Penney Gilbert
 Denis Grant
 Patrick Gunning
 Rebecca Laposa
 Jason Moffat
 Cindi Morshead
 Vince Tropepe
 Rachel Tyndale
 Derek van der Kooy
 Peter Zandstra

University of Waterloo

Eric Jervis
 Paul Spagnuolo

University of Western Ontario

Dean Betts
 Cheryle Séguin

York University

Anthony Scime

Collaborating
Institutions (58)

Canada (19)

Carleton University
 Dalhousie University
 McGill University
 McMaster University
 Memorial University of
 Newfoundland
 Queen's University
 Simon Fraser University
 Université de Montréal
 Université Laval
 University of Alberta
 University of British Columbia
 University of Calgary
 University of Lethbridge
 University of Manitoba
 University of Ottawa
 University of Saskatchewan
 University of Toronto
 University of Waterloo
 University of Western Ontario

Australia

Swinburne University

Finland

University of Helsinki

France

University of Poitiers

Germany (2)

Max-Delbrueck Centre for
 Molecular Medicine
 University of Bonn

Sweden (2)

Linköping University
 Lund University

Taiwan

National Chengchi University

United Kingdom (8)

Durham University
 Imperial College London
 University College, London
 University of Cambridge
 University of Edinburgh
 University of Leicester
 University of Oxford
 University of Sheffield

United States (23)

American University
 Baylor College of Medicine
 Case Western Reserve
 University
 Colorado State University
 Emory University
 Georgia Institute of
 Technology
 Georgetown University
 Harvard University
 Indiana University
 Massachusetts Institute of
 Technology
 Northwestern University
 Stanford University
 University of California
 University of Kansas
 University of Maryland
 University of Massachusetts
 University of Minnesota
 University of North Carolina
 University of Pennsylvania
 University of Pittsburgh
 University of Southern
 California
 University of Texas
 University of Wisconsin

Government Departments and Agencies (15)

Federal (6)

Canada Foundation for
Innovation
Canadian Institutes of Health
Department of Foreign Affairs
& Intl. Trade
Genome Canada
Health Canada
Intra-Agency Secretariat on
Research Ethics

Provincial (9)

Alberta Innovates
Alberta Transplant Institute
Canadian National Transplant
Research Program
CancerCare Manitoba
Manitoba Blood and Marrow
Transplant Program
Michael Smith Foundation for
Medical Research
Ministry of Economic
Development, Innovation
and Exports (Quebec)
Ontario Institute for Cancer
Research
Ontario Ministry of Research
& Innovation

Industry (42)

Actium Research Inc.
Amorchem
Astellas
Baie d'Urfe
BD BioSciences
Beckman Coulter
BioE
BioSpherix
Cellular Dynamics
International
Cormex Research

Crimson Capital
CTI Life Sciences Fund
Deloitte Touche
Fate Therapeutics Inc.
GE Healthcare
GE Healthcare Life Sciences
GlaxoSmithKlineWelcome
Illumina
ImpactLink Capital
Inception Biosciences Inc.
Life Technologies
Lonza
Lumira Capital
Millipore
Miltenyi Biotech
Northern Therapeutics Inc.
Novartis
Octane Inc
Organogenesis
Orlando Corporation
Pfizer Canada
Proteus Venture Partners
Reveille
Roche Diagnostics
Stem Cell Therapeutics
StemCell Technologies
TAP Biosystems
Teralys Capital
Therapure BioPharma
Tissue Regeneration
Therapeutics Inc.
TVM Capital
Versant Ventures

Health Institutes, NGOs and Others (111)

Advanced Centre for
Biochemical Engineering
Alberta Cell Therapy Alliance
Alzheimer Society of Canada
Toronto, ON
Art Gallery of Alberta

BC Cancer Agency
Foundation
BrainCanada
British Columbia Cancer
Agency
Brown Foundation Institute of
Molecular Medicine
Calgary FireFighters Burn
Treatment Society
California Institute of
Regenerative Medicine
Canadian Association of
Research Ethics Boards
Canadian Blood Services
Canadian Breast Cancer
Foundation
Canadian Cancer Society
Canadian Diabetes
Association
Canadian Liver Foundation
Canadian Stem Cell
Foundation
Cancer Stem Cell Consortium
Centre for Commercialization
of Regenerative Medicine
Centre for Drug Research
& Development
Chelsea Art Museum
College of Physicians and
Surgeons of Alberta
Creative Commons
Crohn's and Colitis
Foundation of Canada
Cystic Fibrosis Canada
Enterprise Square Gallery
European hESC Registry
Foundation Caroline-Durand
Foundation GO
GCS Research Society
Genetics Policy Institute
Health Charities Coalition
of Canada
Heart & Stroke Foundation
of Canada

Hôpital Enfant-Jesus	McEwen Centre for	Royal College of Physicians
Hôpital Maisonneuve-	Regenerative Medicine	and Surgeons
Rosemont	McMaster Museum of Art	Sage BioNetwork
Hôtel-Dieu du Centre	Medical Research Council	Sam's Day Fund
hospitalier de l'université	Memorial Sloan Kettering	Science Media Centre
de Montréal	Hospital	of Canada
HUB Health Research	Montreal Health Innovations	Scottish Stem Cell Network
Solutions	Coordinating Center	Sheridan College
INSERM	Montreal Heart Institute	SickKids Foundation
Institut de recherches	Mount Sinai Hospital	Sir Mortimer B. Davis Jewish
cliniques de Montréal	Multiple Sclerosis Society	General Hospital
International Consortium of	of Canada	Solving Kids Cancer
Stem Cell Networks	Muscular Dystrophy Canada	Spanish National Stem Cell
International Society of	National Cell Therapy	Bank
Stem Cell Research	Network of Brazil	St. Michael's Hospital
International Stem Cell	National Institutes of Health	Stem Cell Network of North
Banking Initiative	New York Stem Cell	Rhine Westphalia
International Stem Cell Forum	Foundation	Stem Cells Australia
Interstate Alliance for Stem	Octane Medical Group	Sunnybrook and Women's
Cell Research	Ontario Bioscience Innovation	College Health Sciences
IRICoR	Organization	Centre
JDRF Canada	Ontario Cancer Research	Terry Fox Laboratory
John P. Robarts Research	Ethics Board	Terry Fox Research Institute
Institute	Ontario College of	The Arthritis Society
Johns Hopkins Medical Centre	Art & Design	The Asthma Society
Juvenile Diabetes Research	Ontario Consortium for	The Foundation Fighting
Foundation	Regeneration Inducing	Blindness – Canada
Kidney Cancer Canada	Therapies	The Hospital for Sick Children
Keswick, ON	Ontario Stem Cell Initiative	The James Birrel Fund for
Laboratoire d'Organogénèse	Oregon Biomedical Research	Neuroblastoma Research
Expérimental	Institute	The Kidney Foundation
Lawson Health Institute	Organization for Economic	of Canada
Let's Talk Science	Cooperation and	The Rick Hansen Institute
Leukemia & Lymphoma	Development	TheCell Research Network
Society	Ottawa Hospital Research	Three-to-Be
Leukemia Bone Marrow	Institute	Toronto General and Western
Transplant Program of BC	Princess Margaret Hospital	Hospital Foundation
Lymphoma Foundation	Foundation	UK Stem Cell Bank
Canada	Prostate Cancer Canada	Vancouver General Hospital
MaRS Innovation	Rick Hansen Man in Motion	WiCell Research Institute
Massachusetts Human	Foundation	
Stem Cell Bank		

Stem Cell Network Financial Statements

March 31, 2014

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Independent Auditor's Report

To the Members of Stem Cell Network

We have audited the accompanying financial statements of Stem Cell Network, which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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 organization'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 organization'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Stem Cell Network as at March 31, 2014, 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.

Ottawa
June 17, 2014

McLarty & Co Professional Corporation
 Licensed Public Accountants

Stem Cell Network**Statement of Operations**

For the year ended March 31,	2014	2013
Revenue		
Networks of Centres of Excellence grant (note 7)	\$ 8,433,697	\$ 6,088,493
AGM sponsorship/registration	143,761	163,000
Services in-kind (note 9)	66,000	66,000
Other contributions (note 9)	55,000	55,000
Other	10,000	-
Interest	2,973	1,824
	8,711,431	6,374,317
Expenses		
Mission Fulfillment		
Research programs (note 6)	6,646,047	4,520,728
Communications and outreach (notes 6, 8 and 9)	577,062	318,022
Annual conference (note 6)	448,947	388,505
Highly qualified personnel programs (note 6)	308,748	292,183
Business development	31,753	21,518
International initiative	13,617	18,658
CellCAN initiative	9,944	49,373
Commercialization	8,088	1,620
Foundation initiatives (notes 6 and 9)	-	34,162
	8,044,206	5,644,769
Governance and Administration		
General and administration (notes 6 and 9)	475,635	596,084
Professional and consulting fees (note 9)	53,953	60,901
SCN board and committees	40,431	65,378
Amortization	4,144	8,322
	574,163	730,685
Excess of revenue over expenses (expenses over revenue)	\$ 93,062	\$ (1,137)

Stem Cell Network**Statement of Changes in Net Assets****For the year ended March 31,**

	Invested in capital assets	Unrestricted	Total 2014	Total 2013
Balance, beginning of year	\$ 3,386	\$ 124,961	\$ 128,347	129,484
Excess of revenue over expenses (expenses over revenue)	(4,144)	97,206	93,062	(1,137)
Purchase of capital assets	3,599	(3,599)	-	-
Balance, end of year	\$ 2,841	\$ 218,568	\$ 221,409	128,347

Stem Cell Network**Statement of Financial Position**

March 31,	2014	2013
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Assets**Current**

Cash	\$ 1,861,571	\$ 3,498,549
Restricted cash equivalents (note 3)	50,000	50,000
Amounts receivable (note 4)	252,046	16,465
Prepaid expenses	49,492	34,290

Total current assets	2,213,109	3,599,304
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Capital assets (note 5)	2,841	3,386
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\$ 2,215,950	\$ 3,602,690
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Liabilities**Current**

Accounts payable and accrued liabilities	\$ 212,017	\$ 141,710
Due to government agencies	11,121	13,004
Research commitments payable	830,075	311,940
Contributions received in advance (note 7)	941,328	2,975,025
Deferred revenue from AGM sponsorship and registration	-	32,664

1,994,541	3,474,343
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Net assets

Invested in capital assets	2,841	3,386
Unrestricted	218,568	124,961

221,409	128,347
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\$ 2,215,950	\$ 3,602,690
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Commitments (note 10)

Approved by the board:

_____ Member

_____ Member

Stem Cell Network**Statement of Cash Flows**

For the year ended March 31,	2014	2013
Operating activities		
Excess of revenue over expenses (expenses over revenue)	\$ 93,062	\$ (1,137)
Item not affecting cash		
Amortization	4,144	8,322
	97,206	7,185
Change in non-cash working capital items		
Grants receivable	-	139,200
Amounts receivable	(235,581)	24,868
Prepaid expenses	(15,202)	19,857
Accounts payable and accrued liabilities	70,307	58,873
Due to government agencies	(1,883)	1,252
Research commitments payable	518,135	(152,701)
Contributions received in advance	(2,033,697)	311,507
Deferred revenue from AGM sponsorship and registration	(32,664)	(120,168)
	(1,633,379)	289,873
Investing activity		
Purchase of capital assets	(3,599)	(811)
Increase (decrease) in cash and cash equivalents	(1,636,978)	289,062
Cash and cash equivalents, beginning of year	3,548,549	3,259,487
Cash and cash equivalents, end of year	\$ 1,911,571	\$ 3,548,549
Cash and cash equivalents consists of:		
Cash	\$ 1,861,571	\$ 3,498,549
Restricted cash equivalents	50,000	50,000
	\$ 1,911,571	\$ 3,548,549

Stem Cell Network

Notes to the Financial Statements

For the year ended March 31, 2014

1. Nature of operations

The Stem Cell Network (the "Network") was established in 2001 as an independent not-for-profit corporation and accordingly, is exempt from income taxes. The mission of the Stem Cell Network is to be a catalyst for enabling translation of stem cell research into clinical applications, commercial products or public policy.

It is one of Canada's Network Centres of Excellence ("NCE"). The NCE program is administered and funded by the Natural Sciences and Engineering Research Council ("NSERC"), the Canadian Institute of Health Research ("CIHR"), and the Social Sciences and Humanities Research Council ("SSHRC"), in partnership with Industry Canada. The goal of the federal NCE program is to mobilize Canada's research talent in universities, industry and government to create new economy jobs, stimulate growth and improve the quality of life for Canadians.

The Network has been approved for NCE funding of \$6,400,000 for the year ending March 2015.

Under the terms of the NCE program, funding at the current level will be complete by March 31, 2015. During the period April 1 to August 31, 2015, the SCN will use its allowable carryover of NCE funds as well as its remaining unrestricted funds to wind up the operations of the Network. The Network has applied for Management funding for the period of April 1, 2015 to March 31, 2016 to support activities associated with the completion of its knowledge translation programs, specifically the annual Till & McCulloch Meeting and other training initiatives. The review process for the management funding will not be complete until late Fall 2014.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Revenue recognition

The Network follows the deferral method of accounting for contributions, which include government grants. Funds are received from the Canadian federal government as well as private and public sector partners.

Grants and other contributions which have external restrictive covenants governing the types of activities that they can be used to fund are deferred until such time as the actual spending is incurred. Consequently, unspent grants having restrictions will be recognized as revenue in future periods when the spending occurs. Grants approved but not received at the end of the accounting period are accrued.

AGM sponsorship and registration are deferred and are recognized as revenue in the year in which the event occurs and the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Stem Cell Network
Notes to the Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies (continued)
(b) Contributions and services in-kind

Many organizations and individuals contribute a significant amount of volunteer effort in each year. The fair value of these services is often difficult to determine. Contributed services are not recognized in the financial statements unless a fair value can be reasonably estimated, such services are used in the normal course of operations and the provider of the services has explicitly defined the value of the services to the Network. The Network is dependent on such contributors to appropriately report the value of all contributions and services in-kind to its administrative centre.

(c) Allocation of expenses

The Network allocates salaries and benefits based on an estimate of the percentage of time each person typically spends on each area. The Network has applied this on a consistent basis.

(d) Research programs expenses

Costs relating to research programs are recorded as expenses when they become payable. Research grants that will become payable in future periods are summarized and disclosed as commitments in the notes to the financial statements.

(e) Income taxes

The Network is not subject to income taxes.

(f) Cash equivalents

All highly liquid investments with original maturities of three months or less, including all cashable guaranteed investment certificates, are classified as cash equivalents. The fair value of cash equivalents approximates the amounts shown in the financial statements.

(g) Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded on the statement of financial position at their estimated fair value at the contribution date, and recognized in the statement of operations based on their related amortization policy.

Capital assets are amortized on a straight-line basis using the following annual rates:

Office equipment	20% Straight-line
Computer equipment	33% Straight-line
Computer software	100% Straight-line

Amortization of an asset commences in the month of acquisition. No amortization is recorded in the month of disposal.

Stem Cell Network
Notes to the Financial Statements

For the year ended March 31, 2014

2. Significant accounting policies (continued)
(h) Financial instruments
(i) Measurement of financial instruments

The Network initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Network subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, restricted cash equivalents, and amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, research commitments payable, contributions received in advance, deferred revenue from AGM sponsorship and registration and due to government agencies.

The Network has not designated any financial asset or financial liability to be measured at fair value.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. The amount of the write-down is recognized in net income. The 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 net income.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Items requiring the use of significant estimates include the useful lives of capital assets, accrued liabilities, contributions received in advance and allocation of salaries and benefits expenses. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Actual results could differ from those estimates.

Stem Cell Network**Notes to the Financial Statements****For the year ended March 31, 2014****3. Restricted cash equivalents**

Restricted cash is invested in a non-redeemable guaranteed investment certificate (GIC) and is held by the Network's bank as collateral for their Visa account. The non-redeemable GIC bears interest at 0.8% and matures on March 19, 2015.

4. Amounts receivable

		2014	2013
Recovery of cost sharing for special projects	\$	145,296	\$ -
Recovery of cost sharing for the museum exhibit		75,000	-
Other		21,750	5,906
Sponsorship		10,000	10,559
	\$	252,046	\$ 16,465

5. Capital assets

				2014
		Cost	Accumulated amortization	Net book value
Office equipment	\$	11,643	\$ 11,643	\$ -
Computer equipment		77,241	74,400	2,841
Computer software		7,468	7,468	-
	\$	96,352	\$ 93,511	\$ 2,841
				2013
		Cost	Accumulated amortization	Net book value
Office equipment	\$	11,643	\$ 9,945	\$ 1,698
Computer equipment		73,642	71,954	1,688
Computer software		7,468	7,468	-
	\$	92,753	\$ 89,367	\$ 3,386

Stem Cell Network**Notes to the Financial Statements****For the year ended March 31, 2014****6. Allocation of expenses**

Salaries and benefits of \$707,730 (2013 - \$778,323) have been allocated as follows:

	2014	2013
Salaries and benefits:		
General and administration	\$ 380,388	\$ 429,352
Communications and outreach	169,837	163,333
Foundation initiatives	-	34,162
Research programs	67,103	65,003
Highly qualified personnel programs	67,103	65,003
Annual conference	23,299	21,470
Total	\$ 707,730	\$ 778,323

7. Contributions received in advance

	2014	2013
Networks of Centres of Excellence (NCE) Funds		
Balance, beginning of year	\$ 2,975,025	\$ 2,663,518
Contributions from the Networks of Centres of Excellence	6,400,000	6,400,000
Less: amount recognized as Networks of Centres of Excellence grant revenue	(8,433,697)	(6,088,493)
	\$ 941,328	\$ 2,975,025

NCE funds are managed in accordance with the funding agreement between the granting councils, the University of Ottawa and the Stem Cell Network. A copy of the funding guidelines can be found on the NCE website: www.nce.gc.ca.

8. Communications and outreach

The Network is reporting an increase in Communications and outreach expense for the year ending March 31, 2014. This increase is not related to operational communications activities but a knowledge mobilization project, a travelling Stem Cell Museum Exhibit.

Stem Cell Network

Notes to the Financial Statements

For the year ended March 31, 2014

9. Related party transactions

The Network is related to the University of Ottawa ("the University") by virtue of the fact that the University is its host institution under the Networks of Centres of Excellence program.

Under an agreement, the University provides accounting and administrative support services as well as office space and furniture without charge to the Network. The value of the in-kind contributions received for services in fiscal 2014 is estimated to be \$66,000 (2013 - \$66,000). \$48,000 of this amount is recorded in general and administration (2013 - \$48,000) and \$18,000 is recorded in professional and consulting fees (2013 - \$18,000). Effective July 2008, the Network, the University and the Ottawa Hospital Research Institute (OHRI) have an agreement that the OHRI will provide the Network with office space and information technology support services.

Included in other contributions revenue is \$55,000 (2013 - \$55,000) from the University.

During the year ending March 31, 2009, as part of its mandate to catalyze new models for partnering and engage the public and philanthropic community in stem cell research, the Network supported the establishment of the Canadian Stem Cell Foundation (CSCF), a not-for-profit corporation and registered charity. The CSCF has the following specific objectives:

(a) To conduct or commission research on stem cells, regenerative medicine and associated technologies, and the clinical applications thereof for the prevention, diagnosis and treatment of diseases, and to communicate the results thereof to interested individuals, groups, organizations, academics, industries, governments and the public at large.

(b) To provide educational programs to educate the public about the benefits and advances in stem cell research.

The Network is related to the CSCF by virtue of the fact that two members of the Network's board of directors' are two of the nine directors of the CSCF.

During the year ending March 31, 2014, the Network expensed \$38,626 (2013 - \$25,764) of restricted funds which are included in the Communication and outreach expenses on the statement of operations. Additionally, in the year ended March 31, 2013, the Network provided management, staff and other in-kind support valued at \$34,162 to the Foundation at no charge. From this amount, \$34,162 was paid out of restricted funds and is included in Foundation initiatives expense on the statement of operations. These expenses fall within the mandate of the Network.

With the exception of the in-kind contributions from the University which are reported at fair value, the transactions between related parties are recorded at the exchange amount, which is the amount established and agreed to between the parties.

Stem Cell Network

Notes to the Financial Statements

For the year ended March 31, 2014

10. Commitments

At March 31, 2014, the Network has specifically committed to the future research grants, training programs and other service agreements set out below that are not accrued in the Network's financial statements as they are not yet payable. The future commitments for the Network to be funded by the contributions received in advance and to be received in the future are as follows:

	2015	2016
Approved research grants	\$ 3,512,929	\$ -
Other	623,077	120,000
Approved training programs	185,000	13,000
	\$ 4,321,006	\$ 133,000

11. Capital management

The Network considers its capital to consist of contributions received in advance and unrestricted net assets.

	2014	2013
Contributions received in advance	\$ 941,328	\$ 2,975,025
Unrestricted net assets	218,568	124,961
	\$ 1,159,896	\$ 3,099,986

The Network receives the majority of its funding from the Networks of Centres of Excellence (NCE). NCE funds are managed in accordance with the funding agreement between the granting councils, the University of Ottawa and the Network. The funding is restricted and is to be used as a catalyst for enabling the translation of stem cell research to clinical applications, commercial products, or public policy. A copy of the funding guidelines can be found on the NCE website: www.nce.gc.ca. As at March 31, 2014, management asserts that the Network is in compliance with the funding guidelines.

Unrestricted net assets are principally used to support those networking, partnering and commercialization objectives of the Network that are ineligible for reimbursement under the NCE program guidelines.

12. Financial risks

It is management's opinion that, unless otherwise noted, the Network is not exposed to significant interest rate, currency, liquidity, market or credit risks arising from financial instruments.



www.stemcellnetwork.ca