

**Brain Tumour Foundation of Canada**

**Financial Statements**

**Year ended December 31, 2008**

# Brain Tumour Foundation of Canada

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Chartered Accountants

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## Auditors' Report

To the Board of Directors of Brain Tumour Foundation of Canada

We have audited the statement of financial position of Brain Tumour Foundation of Canada as at December 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraphs, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations and fund raising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation and fund raising event revenues, changes in net assets or assets.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Collins Barrow KMD LLP*

London, Canada  
February 5, 2009

# Brain Tumour Foundation of Canada

## Statement of Operations

Year ended December 31, 2008

	2008	2007
<b>Revenues</b>		
Fundraising events (net of direct expenses of \$320,335 in 2008 and \$309,140 in 2007)	\$ 1,230,277	\$ 987,169
Donations	920,596	567,649
Investment income (note 10)	11,314	46,386
	<u>2,162,187</u>	<u>1,601,204</u>
<b>Program expenditures</b>		
Research	287,938	268,238
Patient information services	1,079,507	938,578
Development expenses	187,022	163,535
	<u>1,554,467</u>	<u>1,370,351</u>
<b>Excess of revenues over program expenditures before undernoted items</b>	<u>607,720</u>	<u>230,853</u>
<b>Administration expenditures</b>		
Salaries and related benefits	45,409	39,725
Office and general	11,547	8,851
Amortization	1,628	1,304
Miscellaneous	4,993	5,541
	<u>63,577</u>	<u>55,421</u>
<b>Excess of revenues over program expenditures</b>	<u>\$ 544,143</u>	<u>\$ 175,432</u>

See accompanying notes

**Brain Tumour Foundation of Canada**  
**Statement of Changes in Net Assets**  
**Statement of Comprehensive Operations**

	General Fund	Endowment Fund	Research Fund	Total 2008	Total 2007
<b>Balance, beginning of year</b>					
As previously reported	\$ 946,357	\$ 120,920	\$ -	\$ 1,067,277	\$ 870,333
Change in accounting policy (note 2)	-	-	-	-	12,810
As restated	946,357	120,920	-	1,067,277	883,143
Excess of revenues over program expenditures	544,143	-	-	544,143	175,432
Fund contributions	-	5,710	-	5,710	5,073
Transfer to Research Fund	(400,000)	-	400,000	-	-
Unrealized gain (loss) on Endowment Fund Investments	-	(22,532)	-	(22,532)	3,629
<b>Balance, end of year</b>	<b>\$ 1,090,500</b>	<b>\$ 104,098</b>	<b>\$ 400,000</b>	<b>\$ 1,594,598</b>	<b>\$ 1,067,277</b>

See accompanying notes

**Brain Tumour Foundation of Canada**  
**Statement of Financial Position**  
**As at December 31, 2008**

	2008	2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 814,834	\$ 348,970
GST receivable	23,570	24,182
Prepays and material for resale	92,084	84,341
Investments (note 4)	600,434	492,576
	<u>1,530,922</u>	<u>950,069</u>
Property, plant and equipment (note 5)	52,580	56,543
Logos (note 6)	14,465	16,174
Endowment fund (note 7)	104,098	120,920
Research Fund (note 8)	400,000	-
	<u>\$ 2,102,065</u>	<u>\$ 1,143,706</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 47,913	\$ 51,579
Research payable (note 9)	59,554	24,850
	<u>107,467</u>	<u>76,429</u>
Due to Research Fund	400,000	-
	<u>507,467</u>	<u>76,429</u>
<b>FUND BALANCES</b>		
Balance per page 3	<u>1,594,598</u>	<u>1,067,277</u>
	<u>\$ 2,102,065</u>	<u>\$ 1,143,706</u>

See accompanying notes

On behalf of the board

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# Brain Tumour Foundation of Canada

## Statement of Cash Flows

Year ended December 31, 2008

	2008	2007
<b>Operating activities</b>		
Excess of revenues over program expenditures	\$ 544,143	\$ 175,432
Items not affecting cash		
Amortization	23,255	18,625
Gain (loss) on sale of investments	3,519	(4,109)
Unrealized gain on investments	28,324	(6,100)
	<u>599,241</u>	<u>183,848</u>
Change in non-cash working capital items		
(Increase) decrease in GST receivable	612	(7,629)
(Increase) decrease in prepaids and material for resale	(7,743)	(25,273)
Decrease in interest receivable	-	461
(Decrease) increase in accounts payable and accrued liabilities	(3,666)	4,470
Increase (decrease) in research payable	34,704	(75,763)
(Increase) in investments	(139,701)	(152,004)
Prior period adjustment to investments	-	11,310
	<u>483,447</u>	<u>(60,580)</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(17,583)	(43,398)
Transfer to Research Fund	(400,000)	-
Transfer to Endowment Fund	-	(15,000)
	<u>(417,583)</u>	<u>(58,398)</u>
<b>Financing activity</b>		
Due to Research Fund	<u>400,000</u>	<u>-</u>
<b>Change in cash position</b>	465,864	(118,978)
<b>Cash, beginning of year</b>	<u>348,970</u>	<u>467,948</u>
<b>Cash, end of year</b>	<u>\$ 814,834</u>	<u>\$ 348,970</u>

See accompanying notes

# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

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### 1. Nature of operations

The Brain Tumour Foundation of Canada was incorporated on February 11, 1985 as a registered charity and is a national organization dedicated to reaching every person in Canada affected by a brain tumour through support, education, information and research.

### 2. Change in accounting policy

The Foundation adopted the provisions of CICA Sections 3855, Financial Instruments - Recognition and Measurement, 3865 on January 1, 2007 which addresses the classification, recognition and measurement of financial instruments in the financial statements. As a result of adopting this new standard, the Foundation recorded a non-cash credit of \$11,310 on January 1, 2007 for the change in accounting for financial assets classified as held for trading and measured at fair value instead of cost. This change is reported as an adjustment to the fund balance on the statement of changes in net assets. The Foundation's Endowment fund recorded a non-cash credit of \$1,500 to value the fund at fair market value. This change is also reported as an adjustment to the fund balance on the statement of changes in net assets.

### 3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

#### (a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest and dividend income is recognized as revenue when earned. Investment gains and losses are recognized as revenue whether realized or unrealized.



# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

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### 3. Significant accounting policies, continued

#### (b) Recognition of pledges

Because of the uncertainty of the collectibility of pledges, the Foundation recognizes only those pledges for which contributions have been received at the date of completion of these financial statements.

#### (c) Prepays and material for resale

Prepaid expenses consist of patient information and marketing materials and have been valued at cost.

#### (d) Investments

The investments are classified as financial instruments held for trading and are reported at fair value at each balance sheet date. Any change in fair value is recognized as a revenue or expense in the period during which the change occurs.

#### (e) Property, plant and equipment

Property, plant and equipment are recorded at cost. The Foundation provides for amortization using the following methods at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Office equipment	20% Declining balance
Computer equipment	30% Declining balance
Computer software	100% Declining balance
Leasehold improvements	10 Years Straight-line

#### (f) Logos

Logos are recorded at cost and amortized over their estimated useful lives of 15 years. The Logos are intangible assets and are tested for impairment only when an event or circumstance occurs indicating that the fair value may be lower than their carrying amount.

#### (g) Research payable

Research grants are recorded upon approval of the Board. The full amount of the grant is paid upon receipt of ethics approval from the institution in which the project is conducted. If the project does not involve human and/or animal subjects and therefore, does not require ethics approval, the funds are paid upon approval of the grant.

# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

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### 3. Significant accounting policies, continued

#### (h) Volunteer contributions

Volunteers contribute countless hours to assist the Foundation in carrying out its fundraising activities. Due to the difficulty in determining fair value, volunteer contributions are not recognized in the financial statements.

#### (i) Income taxes

According to the provisions of the Income Tax Act (Canada), the Foundation is exempt from taxes on income.

During the year, the Foundation expended sufficient amounts on charitable activities and by way of gifts to qualified donees to meet the disbursement quota requirements as defined in paragraph 149.1(1)(e) of the Income Tax Act (Canada).

#### (j) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates.

# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

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### 3. Significant accounting policies, continued

#### (k) Financial Instruments

The fair values of the Foundation's financial current assets and liabilities, including cash, GST receivable, interest receivable, accounts payable and accrued liabilities, and grants payable are approximately equal to their carrying value due to their short-term maturity dates. The fair values and carrying values of investments are disclosed in note 4.

##### (a) Credit risk

The Foundation does not have any credit risk concentration.

##### (b) Currency risk

The Foundation's investments in foreign securities are insignificant and therefore the Foundation is not exposed to currency risk.

##### (c) Interest rate risk

Interest rate risk refers to adverse consequences of interest rate changes on the Foundation's cash flows, financial position and income. The value of the assets is affected by market changes in interest rates. Interest rate changes directly impact the value of fixed income securities.

### 4. Investments

	2008	2007
Cash	\$ 26,789	\$ 15,353
Bonds	337,438	72,164
Marketable securities	83,201	115,554
Mutual funds	153,006	289,505
	<u>\$ 600,434</u>	<u>\$ 492,576</u>

The maturity dates for bonds range from March 15, 2009 and December 1, 2018 and the interest rates range from 1.75% to 4.80%. These bonds are actively traded throughout the year and may not be held to maturity. The investments are valued at fair market value. The Foundation's Board considers the investments in the mutual funds to be allocated for the insured continuance of the Foundation, and the earnings from those funds will be used to fulfil the priorities identified in the Foundation's mission statement.

# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

### 5. Property, plant and equipment

	2008		2007	
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 47,663	\$ 26,831	\$ 20,832	\$ 14,185
Computer equipment	73,054	53,712	19,342	24,589
Computer software	45,773	45,773	-	3,240
Leasehold improvements	21,233	8,827	12,406	14,529
	<u>\$ 187,723</u>	<u>\$ 135,143</u>	<u>\$ 52,580</u>	<u>\$ 56,543</u>

The amortization for 2008 was \$21,546 (2007 - \$16,917).

### 6. Logos

	2008		2007	
	Cost	Accumulated amortization	Net	Net
Registered Logos	<u>\$ 23,919</u>	<u>\$ 9,454</u>	<u>\$ 14,465</u>	<u>\$ 16,174</u>

Logos represent the cost of English and French registered logos designed for the Foundation in 2002. The amortization for 2008 was \$1,708 (2007 - \$1,708).

This intangible asset is tested for impairment only when an event or circumstance occurs indicating that the fair value may be lower than its carrying amount. There were no such events or circumstances in 2008, and as such the Logos were not tested for impairment.

# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

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### 7. Endowment fund

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$ 120,920	\$ 95,718
Endowment contributions	5,710	5,073
Transfer from general fund	-	15,000
Prior period adjustment- change in accounting policy	-	1,500
Unrealized gain (loss) on endowment fund assets	<u>(22,532)</u>	<u>3,629</u>
Balance, end of the year	<u>\$ 104,098</u>	<u>\$ 120,920</u>

The Foundation has established an endowment fund with the London Community Foundation. Each year the investment income from this fund is to be used to benefit the work of the Brain Tumour Foundation of Canada.

### 8. Research Fund

	<u>2008</u>	<u>2007</u>
Transfer from General Fund	<u>\$ 400,000</u>	<u>\$ -</u>
	<u>\$ 400,000</u>	<u>\$ -</u>

On December 10, 2008 the board approved a \$400,000 bequest to be internally restricted for the purpose of funding research. It is the Board's plan to draw down the funds over a 10 year period. In February 2009, a separate investment account was established for this fund to ensure it is segregated and the capital is sustained.

### 9. Research payable

	<u>2008</u>	<u>2007</u>
Research payable - beginning of year	\$ 24,850	\$ 100,613
Research approved during the year	173,094	172,720
Research amounts paid during the year	<u>(138,390)</u>	<u>(248,483)</u>
	<u>\$ 59,554</u>	<u>\$ 24,850</u>

### 10. Investment income

# Brain Tumour Foundation of Canada

## Notes to the Financial Statements

December 31, 2008

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### 10. Investment income, continued

	<u>2008</u>	<u>2007</u>
Unrealized capital gains (losses)	\$ (28,324)	\$ 6,100
Realized capital gains (losses)	(3,519)	4,109
Interest income	37,181	27,064
Dividend income	2,419	10,604
Foreign currency exchange gain (loss)	3,557	(1,491)
	<u>\$ 11,314</u>	<u>\$ 46,386</u>

### 11. Commitments

The Foundation leases office space and equipment under operating lease agreements. The aggregate minimum lease payments in each of the next 5 years are as follows

2009	\$ 76,665
2010	76,665
2011	76,665
2012	76,665
2013	70,314