

Brain Tumour Foundation of Canada

Financial Statements

Year ended December 31, 2009

Brain Tumour Foundation of Canada

Table of Contents

	Page
Auditors' Report	1
Financial Statements	
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 12

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, 2009 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, 2009 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

Chartered Accountants
Licensed Public Accountants

London, Canada
February 24, 2010

Brain Tumour Foundation of Canada
Statement of Operations
Year ended December 31, 2009

	2009	2008
Revenues		
Fundraising events (net of direct expenses of \$285,715 in 2009 and \$320,335 in 2008)	\$ 1,308,398	\$ 1,230,277
Donations	561,102	920,596
Investment income (note 10)	80,499	11,314
	<u>1,949,999</u>	<u>2,162,187</u>
Program expenditures		
Research	280,696	287,938
Patient information services	1,132,586	1,079,507
Development expenses	190,652	187,022
	<u>1,603,934</u>	<u>1,554,467</u>
Excess of revenues over program expenditures before undernoted items	<u>346,065</u>	<u>607,720</u>
Administration expenditures		
Salaries and related benefits	50,010	45,409
Office and general	11,945	11,547
Amortization	1,289	1,628
Miscellaneous	2,978	4,993
	<u>66,222</u>	<u>63,577</u>
Excess of revenues over program expenditures	<u>\$ 279,843</u>	<u>\$ 544,143</u>

See accompanying notes

Brain Tumour Foundation of Canada
Statement of Changes in Net Assets
Year ended December 31, 2009

	General Fund	Endowment Fund	Research Fund	Total 2009	Total 2008
Balance, beginning of year	\$ 1,090,500	\$ 104,098	\$ 400,000	\$ 1,594,598	\$ 1,067,277
Excess of revenues over program expenditures	279,843	-	-	279,843	544,143
Fund contributions	-	5,760	-	5,760	5,710
Transfer to Research Fund	(54,286)	-	54,286	-	-
Unrealized gain (loss) on Endowment Fund Investments	-	12,819	-	12,819	(22,532)
Balance, end of year	\$ 1,316,057	\$ 122,677	\$ 454,286	\$ 1,893,020	\$ 1,594,598

See accompanying notes

Brain Tumour Foundation of Canada
Statement of Financial Position
As at December 31, 2009

	2009	2008
ASSETS		
Current assets		
Cash	\$ 497,892	\$ 814,834
GST receivable	20,789	23,570
Prepays and material for resale	114,503	92,084
Investments (note 4)	1,142,166	600,434
	<u>1,775,350</u>	<u>1,530,922</u>
Property, plant and equipment (note 5)	45,960	52,580
Logos (note 6)	12,757	14,465
Endowment fund (note 7)	122,677	104,098
Research Fund (note 8)	454,286	400,000
	<u>\$ 2,411,030</u>	<u>\$ 2,102,065</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 41,424	\$ 47,913
Research payable	22,300	59,554
	<u>63,724</u>	<u>107,467</u>
Due to Research Fund	454,286	400,000
	<u>518,010</u>	<u>507,467</u>
FUND BALANCES		
Balance per page 3	<u>1,893,020</u>	<u>1,594,598</u>
	<u>\$ 2,411,030</u>	<u>\$ 2,102,065</u>

See accompanying notes

On behalf of the board

Brain Tumour Foundation of Canada
Statement of Cash Flows
Year ended December 31, 2009

	2009	2008
Operating activities		
Excess of revenues over program expenditures	\$ 279,843	\$ 544,143
Items not affecting cash		
Amortization	18,414	23,255
Gain (loss) on sale of investments	16,510	3,519
Unrealized gain on investments	(33,171)	28,324
	<u>281,596</u>	<u>599,241</u>
Change in non-cash working capital items		
(Increase) decrease in GST receivable	2,781	612
(Increase) decrease in prepaids and material for resale	(22,419)	(7,743)
Decrease in accounts payable and accrued liabilities	(6,489)	(3,666)
(Decrease) increase in research payable	(37,254)	34,704
(Increase) in investments	(525,072)	(139,701)
	<u>(306,857)</u>	<u>483,447</u>
Investing activities		
Purchase of property, plant and equipment	(10,085)	(17,583)
Transfer to Research Fund	(54,286)	(400,000)
	<u>(64,371)</u>	<u>(417,583)</u>
Financing activity		
Due to Research Fund	54,286	400,000
	<u>54,286</u>	<u>400,000</u>
Change in cash position	(316,942)	465,864
Cash, beginning of year	<u>814,834</u>	<u>348,970</u>
Cash, end of year	<u>\$ 497,892</u>	<u>\$ 814,834</u>

See accompanying notes

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 CICA has issued revisions to Section 4400 - "Financial Statement Presentation by Not-For-Profit Organizations". The effects of the changes have been applied to the December 31, 2009 year end. There are no material effects of these changes on the financial statements of the Foundation.

Also for its December 31, 2009 year end the Foundation has adopted CICA Handbook Section 1535 – Capital Disclosures. This section requires discussion of the nature of any externally imposed restriction on the Foundation's capital, the Foundation's compliance with these restrictions and the consequences of any non-compliance with the restrictions. Note 9 contains the required note disclosures.

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.

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) Prepaids 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.

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.

4. Investments

	<u>2009</u>	<u>2008</u>
Cash	\$ 24,095	\$ 26,789
Bonds	848,969	337,438
Marketable securities	111,862	83,201
Mutual funds	157,240	153,006
	<u>\$ 1,142,166</u>	<u>\$ 600,434</u>

The maturity dates for bonds range from March 15, 2010 and December 1, 2019 and the interest rates range from 1.00% to 6.821%. 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, 2009

5. Property, plant and equipment

	2009		2008	
	Cost	Accumulated amortization	Net	Net
Office equipment	\$ 53,839	\$ 31,615	\$ 22,224	\$ 20,832
Leasehold improvements	21,233	10,950	10,283	12,406
Computer equipment	75,272	62,664	12,608	19,342
Computer software	47,464	46,619	845	-
	<u>\$ 197,808</u>	<u>\$ 151,848</u>	<u>\$ 45,960</u>	<u>\$ 52,580</u>

The amortization for 2009 was \$16,705 (2008 - \$21,546).

6. Logos

	2009		2008	
	Cost	Accumulated amortization	Net	Net
Registered Logos	\$ 22,211	\$ 9,454	\$ 12,757	\$ 14,465

Logos represent the cost of English and French registered logos designed for the Foundation in 2002. The amortization for 2009 was \$1,708 (2008 - \$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 2009, and as such the Logos were not tested for impairment.

Brain Tumour Foundation of Canada
Notes to the Financial Statements
December 31, 2009

7. Endowment fund

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 104,098	\$ 120,920
Endowment contributions	5,760	5,710
Transfer from general fund	-	-
Unrealized gain (loss) on endowment fund assets	<u>12,820</u>	<u>(22,532)</u>
Balance, end of the year	<u>\$ 122,678</u>	<u>\$ 104,098</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>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 400,000	\$ -
Transfer from general fund	<u>54,286</u>	<u>400,000</u>
Balance, end of year	<u>\$ 454,286</u>	<u>\$ 400,000</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. During 2009 the Foundation received an additional \$54,286 from the Estate and they money was contributed to the investment account. The funds will begin being drawn down in 2010 as part of the "William Donald Nash Memorial Brian Tumour Foundation Research Fellowship". The goal will be to support Clinical and/or Basic Science Research which will advance the Foundations vision to find a cause of and cure for brain tumours.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2009

9. Capital Management

The Foundation's capital consists of its net assets and funds invested in property, plant and equipment. The Foundation's primary objective of capital management is to ensure it has sufficient resources to continue to provide funding for its various activities.

The Foundation has established an endowment fund with the London Community Foundation. The beneficiary of the endowment fund is the Brain Tumour Foundation of Canada. Each year the investment income from this fund is to be used to benefit the work of the Brain Tumour Foundation of Canada. The capital of the endowment fund has not been reflected in the financial statements.

The Foundation has established a research fund from an external bequest. There is an internally imposed restriction on the fund, which requires the proceeds to be used for clinical or science research in the area of brain tumours.

10. Investment income

	2009	2008
Unrealized capital gains (losses)	\$ 45,427	\$ (28,324)
Realized capital gains (losses)	(2,672)	(3,519)
Interest income	35,952	37,181
Dividend income	2,917	2,419
Foreign currency exchange gain (loss)	(1,125)	3,557
	<u>\$ 80,499</u>	<u>\$ 11,314</u>

11. Commitments

The Foundation leases office space and equipment under operating lease agreements. The lease is for a five year term and expires in 2013. The aggregate minimum lease payments in each of the next four years are as follows

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

12. Financial instruments

The fair values of the Foundation's financial instruments, including cash and term deposits, accounts receivable, accounts payable and accrued liabilities are approximately equal to their carrying value due to their short-term maturity dates. Unless otherwise noted, it is the Board of Director's opinion that the Foundation is not exposed to significant currency or credit risk arising from its financial instruments.

(a) 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.