

Brain Tumour Foundation of Canada
Financial Statements
Years ended December 31, 2012 and 2011

Brain Tumour Foundation of Canada

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Independent Auditor's Report

To the Board of Directors of Brain Tumour Foundation of Canada

We have audited the accompanying financial statements of Brain Tumour Foundation of Canada, which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 Foundation'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 Foundation'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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenues, excess of revenues over expenditures and cash flows for the years ended December 31, 2012 and December 31, 2011, current assets and fund balances as at December 31, 2012, December 31, 2011 and January 1, 2011.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Brain Tumour Foundation of Canada as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Accountants
Licensed Public Accountants

London, Canada
March 27, 2013

Brain Tumour Foundation of Canada

Statement of Operations

Years ended December 31, 2012 and 2011

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2012	Total 2011
Revenues					
Fundraising events	\$ 1,666,342	\$ 199,445	\$ -	\$ 1,865,787	\$ 1,997,188
Donations	651,059	207,540	1,218	859,817	806,343
Other revenue (note 14)	34,973	-	-	34,973	34,675
Investment income	64,351	-	14,399	78,750	51,457
	<u>2,416,725</u>	<u>406,985</u>	<u>15,617</u>	<u>2,839,327</u>	<u>2,889,663</u>
Fundraising expenditures					
Fundraising events	245,649	-	-	245,649	289,145
Other fundraising	379,580	-	-	379,580	301,942
	<u>625,229</u>	<u>-</u>	<u>-</u>	<u>625,229</u>	<u>591,087</u>
Program expenditures					
Patient services	1,689,928	-	-	1,689,928	1,368,228
Research	436,118	100,000	-	536,118	527,888
	<u>2,126,046</u>	<u>100,000</u>	<u>-</u>	<u>2,226,046</u>	<u>1,896,116</u>
Administration expenditures					
Salaries	82,917	-	-	82,917	67,590
Office and general	18,383	-	1,612	19,995	14,584
Amortization	3,293	-	-	3,293	2,848
Miscellaneous	7,471	-	-	7,471	6,846
	<u>112,064</u>	<u>-</u>	<u>1,612</u>	<u>113,676</u>	<u>91,868</u>
Expenditures for the year	<u>2,863,339</u>	<u>100,000</u>	<u>1,612</u>	<u>2,964,951</u>	<u>2,579,071</u>
(Deficiency) excess of revenues over expenditures for the year	\$ (446,614)	\$ 306,985	\$ 14,005	\$ (125,624)	\$ 310,592

See accompanying notes

Brain Tumour Foundation of Canada
Statements of Changes in Net Assets
Years ended December 31, 2012 and 2011

	2012			
	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Balance, beginning of year	\$ 1,817,063	\$ 634,735	\$ 156,755	\$ 2,608,553
(Deficiency) excess of revenues over program expenditures	(446,614)	306,985	14,005	(125,624)
Interfund transfers	5,750	-	(5,750)	-
Balance, end of year	\$ 1,376,199	\$ 941,720	\$ 165,010	\$ 2,482,929

	2011			
	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Balance, beginning of year	\$ 1,608,986	\$ 558,104	\$ 130,871	\$ 2,297,961
Excess of revenues over program expenditures	208,077	76,631	25,884	310,592
Balance, end of year	\$ 1,817,063	\$ 634,735	\$ 156,755	\$ 2,608,553

See accompanying notes

Brain Tumour Foundation of Canada

(Incorporated under the laws of Ontario)

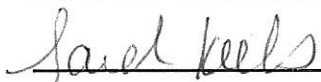
Statements of Financial Position

As at December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
ASSETS			
Current assets			
Cash	\$ 770,929	\$ 899,404	\$ 717,830
Short-term investments (note 4)	338,764	395,945	343,125
HST receivable	37,357	35,007	38,477
Inventory	2,973	2,296	5,597
Prepaid expenses	58,481	81,389	74,704
	1,208,504	1,414,041	1,179,733
Long-term investments (note 5)	1,254,646	1,089,188	997,850
Property, plant and equipment (note 6)	57,936	98,119	98,494
Logos (note 7)	7,688	9,397	10,843
Endowment fund (note 8)	165,010	156,755	130,871
CSV of life insurance policy (note 9)	12,028	11,154	9,900
	\$ 2,705,812	\$ 2,778,654	\$ 2,427,691
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 32,043	\$ 68,101	\$ 79,730
Grants payable (note 10)	190,840	51,000	50,000
	222,883	119,101	129,730
Long-term portion of grants payable	-	51,000	-
	222,883	170,101	129,730
Commitments (note 13)			
FUND BALANCES			
Unrestricted Fund per page 3	1,376,199	1,817,063	1,608,986
Restricted Fund (note 11) per page 3	165,010	634,735	558,104
Endowment Fund (note 8) per page 3	941,720	156,755	130,871
	2,482,929	2,608,553	2,297,961
	\$ 2,705,812	\$ 2,778,654	\$ 2,427,691

See accompanying notes

On behalf of the board





Brain Tumour Foundation of Canada

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Operating activities		
(Deficiency) excess of revenues over program expenditures	\$ (125,624)	\$ 310,592
Item not affecting cash		
Amortization	47,046	40,679
	(78,578)	351,271
Change in non-cash working capital items		
(Increase) decrease in HST receivable	(2,350)	3,470
(Increase) decrease in inventory	(677)	3,301
Decrease (increase) in prepaid expenses	22,908	(6,685)
Decrease in accounts payable and accrued liabilities	(36,058)	(11,629)
Increase in grants payable	139,840	1,000
Increase in investments and change in fair market value	(108,277)	(144,158)
	(63,192)	196,570
Investing activities		
Purchase of property, plant and equipment	(5,154)	(38,858)
Endowment fund	(8,255)	(25,884)
CSV of life insurance policy	(874)	(1,254)
	(14,283)	(65,996)
Financing activity		
Repayment of long-term portion of grants payable	(51,000)	51,000
Change in cash position	(128,475)	181,574
Cash, beginning of year	899,404	717,830
Cash, end of year	\$ 770,929	\$ 899,404

See accompanying notes

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

1. Nature of operations

The Brain Tumour Foundation of Canada (the "Foundation") 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. Impact of the change in basis of accounting

These are the Foundation's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The 2011 comparative financial statements include an opening balance sheet as at January 1, 2011 with the impact of the transition.

There were no adjustments required to the measurement of amounts or presentation in the comparative statement of financial position, comparative statement of operation, comparative statement of changes in net assets and comparative statement of cash flows.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows.

(a) Fund accounting

The Foundation has the following funds:

(i) Unrestricted Fund

The Unrestricted Fund accounts for the day to day operating activities of the Foundation, including any unrestricted donations and net investment income.

(ii) Restricted Fund

The Restricted Fund consists of externally restricted donations that are to be used in accordance with restrictions in place and require board approval for payment.

(iii) Endowment Fund

The Endowment Fund is held by the London Community Foundation and consists of five funds: Hannah Patterson Legacy Fund, Kelly Northey Legacy Fund, David Bloom Legacy Fund, R. Angus King Endowment Fund and the Brain Tumour Foundation (General) Fund.

3. Significant accounting policies, continued

(b) Revenue recognition

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

Restricted contributions are recognized as revenue of the restricted fund in the period in which they are received or receivable.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the period in which they are received or receivable.

Restricted net investment income is recognized as revenue of the restricted fund in the year in which it is received or receivable. Unrestricted net investment income is recognized as revenue of the unrestricted fund when it is received or receivable. Investment gains and losses are recognized as revenue whether realized or unrealized.

Endowment contributions are recognized as revenue of the endowment fund in the period in which they are received or receivable. Net investment income is added to the principal amount of resources held for endowment in the statement of operations.

(c) 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.

(d) Inventory

Inventory consists of merchandise and is stated at the lower of cost and net realizable value.

(e) Prepaid expenses

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

(f) Investments

The Foundation has elected to account for all of the short-term and long-term investments at fair value. Changes in fair values during the year are included in revenue or expenditures on the statement of operations.

Quoted market prices were used to determine the fair value of the investments as at the year end date.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

3. Significant accounting policies, continued

(g) 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
Leasehold improvements	10	Years Straight-line
Computer equipment	50%	Declining balance
Computer software	100%	Declining balance
Website	3	Years Straight-line

(h) 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.

(i) Grants 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.

(j) 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.

(k) 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).

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

3. Significant accounting policies, continued

(l) Financial instruments

(i) Measurement of financial instruments

The Foundation 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 Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for Bonds, Common shares and other marketable securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash. Financial assets measured at fair value include short term investments and long term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and grants payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- ♦ the present value of the cash flows expected to be generated by the asset or group of assets;
- ♦ the amount that could be realized by selling the assets or group of assets;
- ♦ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(m) Expense allocations

The Foundation allocates its general expenses between administrative, development and support based on percentages. This allocation basis consists of 7% to administrative, 18% to development, and 75% to support. The Foundation believes that these allocation rates are appropriate and evaluates the rates annually.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

3. Significant accounting policies, continued

(n) 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 amounts reported in the financial statements and the accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year in which they become known. Accounts specifically affected by estimates in these financial statements are the useful life of property, plant and equipment and net realizable value of inventory. Actual results may vary from these estimates.

(o) In kind donations

Materials and services donated to the Foundation that are normally purchased, are recorded at their fair value as a donation and corresponding expense. These amounted to \$3,897 (\$24,383 in 2011).

4. Short term investments

Short term investments are recorded at fair market value and consist of:

	December 31, 2012	December 31, 2011	January 1, 2011
Cash	\$ 2,050	\$ 4,753	\$ 111,125
Fixed income	336,714	354,532	232,000
Money market fund	-	36,660	-
	<u>\$ 338,764</u>	<u>\$ 395,945</u>	<u>\$ 343,125</u>

Included in the short term investments are restricted investments of \$65,544 (\$145,543 in 2011) held in the Richard Motyka Research Fellowship Fund.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

5. Long-term investments

Long-term investments are recorded at fair market value and consist of:

	December 31, 2012	December 31, 2011	January 1, 2011
Cash	\$ 161,499	\$ 30,179	\$ 24,196
Fixed income	655,144	695,296	678,381
Common shares	365,083	343,579	285,153
Money market fund	72,920	20,134	10,120
	<u>\$ 1,254,646</u>	<u>\$ 1,089,188</u>	<u>\$ 997,850</u>

The long term investments consist of two portfolios; an internally designated stability fund and the restricted research fund investments.

The Foundation's Board considers the investments in the stability account to be allocated for the ensured continuance of the Foundation, and the earnings from those funds will be used to fulfil the priorities identified in the Foundation's mission statement.

The research funds are invested and held as the William Donald Nash Research Fellowship Fund. The goal of these funds is to support Clinical and/or Basic Science Research through research grant payments approved by the board.

6. Property, plant and equipment

	December 31, 2012		
	Cost	Accumulated amortization	Net
Office equipment	\$ 65,098	\$ 45,814	\$ 19,284
Leasehold improvements	28,036	18,274	9,762
Computer equipment	102,711	89,091	13,620
Computer software	49,464	49,464	-
Website	74,472	59,202	15,270
	<u>\$ 319,781</u>	<u>\$ 261,845</u>	<u>\$ 57,936</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

6. Property, plant and equipment, continued

	December 31, 2011		
	Cost	Accumulated amortization	Net
Office equipment	\$ 62,847	\$ 41,274	\$ 21,573
Leasehold improvements	28,036	15,470	12,566
Computer equipment	99,808	76,922	22,886
Computer software	49,464	48,464	1,000
Website	74,472	34,378	40,094
	<u>\$ 314,627</u>	<u>\$ 216,508</u>	<u>\$ 98,119</u>
	January 1, 2011		
	Cost	Accumulated amortization	Net
Office equipment	\$ 58,051	\$ 36,481	\$ 21,570
Leasehold improvements	21,233	13,007	8,226
Computer equipment	83,124	69,340	13,784
Computer software	47,464	47,464	-
Website	65,897	10,983	54,914
	<u>\$ 275,769</u>	<u>\$ 177,275</u>	<u>\$ 98,494</u>

The amortization for 2012 was \$45,337 (2011 - \$39,233).

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

7. Logos

	December 31, 2012		
	Cost	Accumulated amortization	Net
Registered Logos	\$ 25,627	\$ 17,939	\$ 7,688
	December 31, 2011		
	Cost	Accumulated amortization	Net
Registered Logos	25,627	16,230	9,397
	January 1, 2011		
	Cost	Accumulated amortization	Net
Registered Logos	\$ 25,627	\$ 14,784	\$ 10,843

Logos represent the cost of English and French registered logos designed for the Foundation in 2002. The amortization for 2012 was \$1,709 (2011 - \$1,446).

8. Endowment fund

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 Foundation. The endowment fund is recorded at fair value. The balance consists of the following funds:

	December 31, 2012	December 31, 2011	January 1, 2011
General	\$ 20,744	\$ 19,983	\$ 17,485
Kelly Northey Legacy	24,301	23,120	23,480
David Bloom Legacy	25,400	23,808	23,414
Hanna Paterson Legacy	67,412	64,844	66,492
R. Angus King Legacy	27,153	25,000	-
	<u>\$ 165,010</u>	<u>\$ 156,755</u>	<u>\$ 130,871</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

9. CSV of life insurance policy

The Foundation owns one life insurance policy that has a cash surrender option. The donor pays the premiums for this policy and the cash surrender value ("CSV") is available to the Foundation at any time.

10. Grants payable

The Foundation's grants payable consist of the following grants at year-end:

	December 31, 2012	December 31, 2011	January 1, 2011
National Brain Tumour Society	\$ 49,745	\$ 51,000	\$ 50,000
Research Registry	91,095	-	-
Richard Motyka Research Fellowship Fund	50,000	-	-
	<u>\$ 190,840</u>	<u>\$ 51,000</u>	<u>\$ 50,000</u>

11. Restricted fund

The Foundation's restricted fund consists of the following balances at year-end:

	December 31, 2012	December 31, 2011	January 1, 2011
William Donald Nash Research Fellowship Fund	\$ 483,192	\$ 483,192	\$ 446,954
Richard Motyka Research Fellowship Fund	65,544	145,543	111,150
Research - Studentship Fund	52,180	6,000	-
Research - General	223,858	-	-
Research - Pediatric	7,450	-	-
Programs & Services	95,296	-	-
Youth Education Awards	14,200	-	-
	<u>\$ 941,720</u>	<u>\$ 634,735</u>	<u>\$ 558,104</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2012 and 2011

12. Investment risk management

The Foundation has policies and procedures to establish a target asset mix to help protect against the follow risks:

Interest rate risk:

The Foundation is exposed to interest rate risk as the value of the assets is affected by market changes in interest rates. Interest rate changes directly impact the value of the fixed income securities.

Market risk:

The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments which issues the securities. The Foundation manages this risk through controls to monitor and limit concentration levels.

Foreign currency risk:

The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

There have been no changes in the Foundation's risk exposures from the prior year.

13. Commitments

The Foundation leases office space and equipment under operating lease agreements. The office space lease is for a five year term and expires in 2013. The aggregate minimum lease payments are as follows:

2013	\$ 88,312
2014	8,362
2015	8,362
2016	8,362
2017	4,181
	<hr/>
	\$ 117,579

14. Other revenue

Other revenue consists of Nevada, merchandise and registration fees for information days.

15. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior years net assets.