

Brain Tumour Foundation of Canada

Financial Statements

Year ended December 31, 2013

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 statement of financial position as at December 31, 2013, and the statements of operations and 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 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 year ended December 31, 2013, current assets and fund balances for the year then ended.

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, 2013 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.

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, 2014

Brain Tumour Foundation of Canada
Statement of Operations and Changes in Net Assets
Year ended December 31, 2013

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2013	Total 2012
Revenues					
Fundraising events	\$ 2,004,024	\$ 150,840	\$ 61,250	\$ 2,216,114	\$ 1,865,787
Donations	454,850	510,405	1,380	966,635	859,817
Other revenue (note 14)	28,733	-	-	28,733	34,973
Investment income	82,596	-	30,710	113,306	78,750
	<u>2,570,203</u>	<u>661,245</u>	<u>93,340</u>	<u>3,324,788</u>	<u>2,839,327</u>
Fundraising expenditures					
Fundraising events	257,760	-	-	257,760	245,649
Other fundraising	393,340	-	-	393,340	379,580
	<u>651,100</u>	<u>-</u>	<u>-</u>	<u>651,100</u>	<u>625,229</u>
Program expenditures					
Patient services	1,543,432	45,000	-	1,588,432	1,689,928
Research	(11,117)	344,435	-	333,318	536,118
	<u>1,532,315</u>	<u>389,435</u>	<u>-</u>	<u>1,921,750</u>	<u>2,226,046</u>
Administration expenditures					
Salaries	86,592	-	-	86,592	82,917
Office and general	19,055	-	2,011	21,066	19,995
Amortization	2,520	-	-	2,520	3,293
Miscellaneous	13,410	-	-	13,410	7,471
	<u>121,577</u>	<u>-</u>	<u>2,011</u>	<u>123,588</u>	<u>113,676</u>
	<u>2,304,992</u>	<u>389,435</u>	<u>2,011</u>	<u>2,696,438</u>	<u>2,964,951</u>
Excess (deficiency) of revenues over expenditures for the year	<u>\$ 265,211</u>	<u>\$ 271,810</u>	<u>\$ 91,329</u>	<u>\$ 628,350</u>	<u>\$ (125,624)</u>
Fund Balances, Beginning of Year	\$ 1,376,199	\$ 941,720	\$ 165,010	\$ 2,482,929	\$ 2,608,553
Interfund transfer	\$ 5,400	\$ -	\$ (5,400)	\$ -	\$ -
Fund Balances, End of Year	<u>\$ 1,646,810</u>	<u>\$ 1,213,530</u>	<u>\$ 250,939</u>	<u>\$ 3,111,279</u>	<u>\$ 2,482,929</u>

See accompanying notes

Brain Tumour Foundation of Canada

(Incorporated under the laws of Ontario)


Statement of Financial Position

As at December 31, 2013

	2013	2012
ASSETS		
Current assets		
Cash	\$ 962,285	\$ 770,929
Short-term investments (note 3)	507,897	338,764
HST receivable	84,829	37,357
Inventory	3,939	2,973
Prepaid expenses	83,461	58,481
Pledge receivable	75,000	-
	<u>1,717,411</u>	<u>1,208,504</u>
Prepaid expenses - Docs on Ice	8,000	-
Long-term investments (note 4)	1,150,971	1,254,646
Property, plant and equipment (note 5)	109,263	57,936
Logos (note 6)	5,980	7,688
Endowment fund (note 7)	250,939	165,010
CSV of life insurance policy (note 8)	13,076	12,028
	<u>\$ 3,255,640</u>	<u>\$ 2,705,812</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 69,361	\$ 32,043
Grants payable (note 10)	75,000	190,840
	<u>144,361</u>	<u>222,883</u>
Commitments (note 11)		
FUND BALANCES		
Unrestricted Fund per page 2	1,646,810	1,376,199
Restricted Fund (note 13) per page 2	1,213,530	941,720
Endowment Fund (note 7) per page 2	250,939	165,010
	<u>3,111,279</u>	<u>2,482,929</u>
	<u>\$ 3,255,640</u>	<u>\$ 2,705,812</u>

See accompanying notes

On behalf of the board

SEAN TAGGART 



Brain Tumour Foundation of Canada

Statement of Cash Flows

Year ended December 31, 2013

	2013	2012
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 628,350	\$ (125,624)
Item not affecting cash		
Amortization	35,998	47,046
	664,348	(78,578)
Change in non-cash working capital items		
Increase in HST receivable	(47,472)	(2,350)
Increase in inventory	(966)	(677)
(Increase) decrease in prepaid expenses	(24,980)	22,908
Increase in pledge receivable	(75,000)	-
Increase (decrease) in accounts payable and accrued liabilities	37,318	(36,058)
(Decrease) increase in grants payable	(115,840)	139,840
Increase in investments and change in fair market value	(65,458)	(108,277)
	371,950	(63,192)
Investing activities		
Prepaid expenses - Docs on Ice	(8,000)	-
Purchase of property, plant and equipment	(85,617)	(5,154)
Endowment fund	(85,929)	(8,255)
CSV of life insurance policy	(1,048)	(874)
	(180,594)	(14,283)
Financing activity		
Repayment of long-term portion of grants payable	-	(51,000)
Change in cash position	191,356	(128,475)
Cash, beginning of year	770,929	899,404
Cash, end of year	\$ 962,285	\$ 770,929

See accompanying notes

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2013

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. 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.

2. 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.

(g) Property, plant and equipment

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2013

2. Significant accounting policies, continued

Property, plant and equipment, continued

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
Database	10 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).

2. 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.

2. Significant accounting policies, continued

(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.

(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 \$780 (\$3,897 in 2012).

3. Short term investments

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

	2013	2012
RBC portfolio	\$ 507,897	\$ 338,764

Included in the short term investments are restricted investments of \$167,925 (\$65,544 in 2012) held in the Richard Motyka Research Fellowship Fund.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2013

4. Long-term investments

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

	2013	2012
RBC portfolio	<u>\$ 1,150,971</u>	<u>\$ 1,254,646</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.

5. Property, plant and equipment

	2013		
	Cost	Accumulated amortization	Net
Office equipment	\$ 67,537	\$ 49,915	\$ 17,622
Leasehold improvements	30,919	21,221	9,698
Computer equipment	108,794	97,422	11,372
Computer software	49,464	49,464	-
Website	86,114	74,984	11,130
Database	62,570	3,129	59,441
	<u>\$ 405,398</u>	<u>\$ 296,135</u>	<u>\$ 109,263</u>

Brain Tumour Foundation of Canada
Notes to the Financial Statements
December 31, 2013

5. Property, plant and equipment, continued

	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>

The amortization for 2013 was \$34,290 (2012 - \$45,337).

6. Logos

	2013		2012	
	Cost	Accumulated amortization	Net	Net
Registered Logos	\$ 23,919	\$ 17,939	\$ 5,980	\$ 7,688

Logos represent the cost of English and French registered logos designed for the Foundation in 2002. The amortization for 2013 was \$1,708 (2012 - \$1,709).

7. 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:

	2013	2012
General	\$ 23,547	\$ 20,744
Kelly Northey Legacy	27,831	24,301
David Bloom Legacy	29,185	25,400
Hanna Paterson Legacy	76,633	67,412
R. Angus King Legacy	93,743	27,153
	<u>\$ 250,939</u>	<u>\$ 165,010</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2013

8. 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.

9. Government Remittances payable

The accounts payable include the following amounts of government remittances payable:

	2013	2012
Income tax withheld at source	\$ 1,621	\$ 698
Canada pension plan	823	357
Employment insurance	401	174
	<u>\$ 2,845</u>	<u>\$ 1,229</u>

10. Grants payable

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

	2013	2012
National Brain Tumour Society	\$ -	\$ 49,745
Research Registry	75,000	91,095
Richard Motyka Research Fellowship Fund	-	50,000
	<u>\$ 75,000</u>	<u>\$ 190,840</u>

11. Commitments

The Foundation leases office space and equipment under operating lease agreements. The office space lease is for a two year term and expires in October 2015. The aggregate minimum lease payments are as follows:

2014	\$ 89,234
2015	75,690
2016	7,970
2017	<u>1,993</u>
	<u>\$ 174,887</u>

The Foundation has also committed to five \$10,000 studentship awards for a total of \$50,000, half of which will be paid in 2014 and the remainder in 2015.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2013

12. Financial instruments and risks

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.

Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they become due. The Foundation manages this risk by establishing budgets and funding plans. Cash is held in an interest bearing account which provides a rate of return as well as liquidity.

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

13. Restricted fund

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

	2013	2012
William Donald Nash Research Fellowship Fund	\$ 383,192	\$ 483,192
Richard Motyka Research Fellowship Fund	167,925	65,544
Research - Studentship Fund	49,136	52,180
Research - General	215,753	223,858
Research - Pediatric	18,540	7,450
Programs & Services	150,346	95,296
Youth Education Awards	48,102	14,200
Research - Registry	11,655	-
Nazira Mamdani	67,387	-
Stephen Buttrum	100,494	-
Flowthrough	1,000	-
	<u>\$ 1,213,530</u>	<u>\$ 941,720</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2013

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.