

Brain Tumour Foundation of Canada
Financial Statements
Year ended December 31, 2015

Brain Tumour Foundation of Canada

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Operations and Changes in Net Assets	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 15

Independent Auditor's Report

To the Board of Directors of Brain Tumour Foundation of Canada

Report on the Financial Statements

We have audited the accompanying financial statements of Brain Tumour Foundation of Canada, which comprise the statement of financial position as at December 31, 2015, 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 events and donations, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising events revenues, donations revenues, excess (deficiency) of revenues over expenditures and its cash flows for the year ended December 31, 2015, 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, 2015 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
April 25, 2016

Brain Tumour Foundation of Canada
Statement of Operations and Changes in Net Assets
Year ended December 31, 2015

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2015	Total 2014 (note 13)
Revenues					
Fundraising events	\$ 1,900,112	\$ 64,366	\$ -	\$ 1,964,478	\$ 1,819,281
Donations	448,204	193,982	510	642,696	724,333
Other revenue (note 12)	33,544	18,022	-	51,566	28,862
Investment income	84,134	-	11,109	95,243	147,597
	<u>2,465,994</u>	<u>276,370</u>	<u>11,619</u>	<u>2,753,983</u>	<u>2,720,073</u>
Fundraising expenditures					
Fundraising events	265,727	2,816	-	268,543	222,628
Other fundraising	483,383	2,103	-	485,486	446,188
	<u>749,110</u>	<u>4,919</u>	<u>-</u>	<u>754,029</u>	<u>668,816</u>
Program expenditures					
Patient services	1,606,768	119,095	-	1,725,863	1,696,737
Research	1,500	410,293	-	411,793	1,085,824
	<u>1,608,268</u>	<u>529,388</u>	<u>-</u>	<u>2,137,656</u>	<u>2,782,561</u>
Administration expenditures					
Salaries	91,508	-	-	91,508	94,737
Office and general	23,562	134	2,840	26,536	54,855
Amortization	2,748	-	-	2,748	2,824
Miscellaneous	4,877	-	-	4,877	3,730
	<u>122,695</u>	<u>134</u>	<u>2,840</u>	<u>125,669</u>	<u>156,146</u>
Expenditures for the year	<u>2,480,073</u>	<u>534,441</u>	<u>2,840</u>	<u>3,017,354</u>	<u>3,607,523</u>
Excess (deficiency) of revenues over expenditures for the year	<u>\$ (14,079)</u>	<u>\$ (258,071)</u>	<u>\$ 8,779</u>	<u>\$ (263,371)</u>	<u>\$ (887,450)</u>
Fund Balances, Beginning of Year	\$ 1,516,293	\$ 431,310	\$ 276,226	\$ 2,223,829	\$ 3,111,279
Interfund transfer	\$ 77,633	\$ (69,668)	\$ (7,965)	\$ -	\$ -
Fund Balances, End of Year	<u>\$ 1,579,847</u>	<u>\$ 103,571</u>	<u>\$ 277,040</u>	<u>\$ 1,960,458</u>	<u>\$ 2,223,829</u>

See accompanying notes

Brain Tumour Foundation of Canada
(Incorporated under the laws of Ontario)
Statement of Financial Position
As at December 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 405,487	\$ 788,710
Short-term investments (note 3)	747,080	679,972
HST receivable	35,974	29,602
Inventory	6,536	9,137
Prepaid expenses	60,046	51,814
Prepaid expenses - Docs on Ice	-	31,250
	<u>1,255,123</u>	<u>1,590,485</u>
Long-term investments (note 4)	1,098,553	1,098,553
Property, plant and equipment (note 5)	27,439	34,793
Intangible assets (note 6)	71,182	95,623
Endowment Fund (note 7)	277,040	276,226
CSV of life insurance policy (note 8)	15,817	14,163
	<u>\$ 2,745,154</u>	<u>\$ 3,109,843</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 59,696	\$ 77,014
Grants payable (note 10)	300,000	145,000
Deferred revenue - Docs on Ice	-	64,000
	<u>359,696</u>	<u>286,014</u>
Long-term portion of grants payable (note 10)	425,000	600,000
	<u>784,696</u>	<u>886,014</u>
Commitments (note 11)		
FUND BALANCES		
Unrestricted Fund per page 2	1,579,847	1,516,293
Restricted Fund (note 15) per page 2	103,571	431,310
Endowment Fund (note 7) per page 2	277,040	276,226
	<u>1,960,458</u>	<u>2,223,829</u>
	<u>\$ 2,745,154</u>	<u>\$ 3,109,843</u>

See accompanying notes

On behalf of the board




Brain Tumour Foundation of Canada

Statement of Cash Flows

Year ended December 31, 2015

	2015	2014
Operating activities		
Deficiency of revenues over program expenditures	\$ (263,371)	\$ (887,450)
Item not affecting cash		
Amortization	39,264	40,348
	(224,107)	(847,102)
Change in non-cash working capital items		
Increase in HST receivable	(6,372)	55,227
Decrease (increase) in inventory	2,601	(5,198)
(Increase) decrease in prepaid expenses	(8,232)	31,647
Decrease (increase) in prepaid expenses - Docs on Ice	31,250	(23,250)
Decrease in pledge receivable	-	75,000
(Decrease) increase in accounts payable and accrued liabilities	(17,318)	7,653
(Decrease) increase in grants payable	(20,000)	670,000
Increase in deferred revenue - Docs on Ice	(64,000)	64,000
Increase in investments and change in fair market value	(67,108)	(119,657)
	(373,286)	(91,680)
Investing activities		
Purchase of property, plant and equipment	(4,207)	(9,151)
Purchase of intangible assets	(3,262)	(46,370)
Increase in Endowment Fund investments	(814)	(25,287)
Increase in net CSV of life insurance policy	(1,654)	(1,087)
	(9,937)	(81,895)
Change in cash position	(383,223)	(173,575)
Cash, beginning of year	788,710	962,285
Cash, end of year	\$ 405,487	\$ 788,710

See accompanying notes

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2015

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 fundraising events revenue, donations, other revenue and net investment income.

(ii) Restricted Fund

The Restricted Fund consists of externally restricted fundraising events revenue and donations that are to be used in accordance with restrictions in place and require Board of Directors 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 Legacy 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 including fundraising events, donations and other revenue are recognized as revenue of the restricted fund in the period in which they are received or receivable.

Unrestricted contributions including fundraising events, donations and other revenue 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 rent, insurance, office supplies and patient information materials have been valued at cost.

2. Significant accounting policies, continued

(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 and changes in net assets.

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

(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

(h) Intangible assets

Logos represent the cost of English and French registered logos designed for the Foundation in 2002. Logos are recorded at cost and amortized over their estimated useful lives of 15 years. Website is recorded at cost and amortized over the estimated useful life of 3 years. Computer software is recorded at cost and amortized over the estimated useful life of 5 years.

These intangible assets 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

Grants are recorded upon approval of the Committees of the Board of Directors. If ethics approval is required, this is obtained from the institution in which the project is conducted prior to any funds being disbursed. If the project does not involve human and/or animal subjects, ethics approval is not required. The funds are paid to the recipient according to the payment terms specified in the grant agreement.

2. Significant accounting policies, continued

(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)(f) of the Income Tax Act (Canada).

(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, Endowment Fund and long-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, grants payable and long-term portion of 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:

2. Significant accounting policies, continued

(l) Financial instruments, continued

- ♦ 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, with the exception of marketing and communications, between administrative, other fundraising and patient services based on percentages. This allocation basis consists of 7% to administrative, 18% to other fundraising and 75% to patient services. Marketing and communications expenses are allocated 15% to other fundraising and 85% to patient services. 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 intangible assets 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 \$5,119 (2014 - \$3,775).

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2015

3. Short term investments

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

	2015	2014
RBC portfolio	\$ 747,080	\$ 679,972

Included in the short term investments are restricted investments of \$67,925 (\$67,925 in 2014) held in the Richard Motyka Research Fellowship Fund.

4. Long-term investments

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

	2015	2014
RBC portfolio	\$ 1,098,553	\$ 1,098,553

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

The Foundation's Board of Directors 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.

Brain Tumour Foundation of Canada
Notes to the Financial Statements
December 31, 2015

5. Property, plant and equipment

	2015		
	Cost	Accumulated amortization	Net
Office equipment	\$ 70,487	\$ 56,554	\$ 13,933
Leasehold improvements	30,919	24,630	6,289
Computer equipment	119,201	111,984	7,217
	<u>\$ 220,607</u>	<u>\$ 193,168</u>	<u>\$ 27,439</u>
	2014		
	Cost	Accumulated amortization	Net
Office equipment	\$ 67,537	\$ 53,439	\$ 14,098
Leasehold improvements	30,919	22,773	8,146
Computer equipment	117,944	105,395	12,549
	<u>\$ 216,400</u>	<u>\$ 181,607</u>	<u>\$ 34,793</u>

The amortization for 2015 was \$11,561 (2014 - \$13,050).

6. Intangible assets

	2015		2014	
	Cost	Accumulated amortization	Net	Net
Registered logos	\$ 25,627	\$ 23,064	\$ 2,563	\$ 4,271
Website	86,114	84,174	1,940	5,821
Computer software	161,664	94,985	66,679	85,531
	<u>\$ 273,405</u>	<u>\$ 202,223</u>	<u>\$ 71,182</u>	<u>\$ 95,623</u>

The amortization of intangible assets for 2015 was \$27,703 (2014 - \$27,298)

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2015

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:

	2015	2014
General	\$ 23,992	\$ 24,188
Kelly Northey Legacy	28,057	28,584
David Bloom Legacy	30,385	30,429
Hannah Patterson Legacy	77,164	78,616
R. Angus King Legacy	117,442	114,409
	<u>\$ 277,040</u>	<u>\$ 276,226</u>

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:

	2015	2014
Income tax withheld at source	\$ 3,072	\$ 2,512
Canada pension plan	1,602	1,269
Employment insurance	778	636
Quebec tax withheld at source	-	81
Quebec pension plan	-	51
Quebec parental insurance plan	-	7
	<u>\$ 5,452</u>	<u>\$ 4,556</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2015

10. Grants payable

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

	2015	2014
Richard Motyka Research Fellowship	\$ 50,000	\$ 50,000
Stephen Buttrum Research Fellowship	50,000	50,000
Research - Studentship	25,000	20,000
Canadian Cancer Society - Impact Grant Fund	500,000	625,000
Nazira Mamdani Research Fellowship	100,000	-
	<u>\$ 725,000</u>	<u>\$ 745,000</u>

The current portion of grants payable consists of the \$50,000 Richard Motyka Research Fellowship, \$50,000 Stephen Buttrum Research Fellowship, \$25,000 Research - Studentships, \$125,000 of the Canadian Cancer Society - Impact Grant and \$50,000 of the Nazira Mamdani Research Fellowship which will be paid within the next year.

The long term portion of grants payable consists of the \$50,000 Nazira Mamdani Research Fellowship which is expected to be paid out in 2017 and \$375,000 for the Canadian Cancer Society - Impact Grant which will be paid out in \$125,000 increments from 2017 through 2019.

11. Commitments

The Foundation leases office space at two separate locations and equipment under operating lease agreements. The London office space lease is for a three year term and expires in October 2016. The Montreal office space lease is for a one year term and expires in September 2016. The aggregate minimum lease payments are as follows:

2016	\$ 74,375
2017	<u>780</u>
	<u>\$ 75,155</u>

Brain Tumour Tissue Bank Project

The Foundation has committed to a donation of \$85,160 in 2016 for the Tissue Bank Project administered by the London Health Sciences Centre.

Brain Tumour Registry Project

Subsequent to year-end, the Foundation has committed to a minimum commitment of \$163,978 to a maximum of \$230,360 contingent on fundraising efforts with designated donations payable over three instalments in 2016, 2017 and 2018.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2015

12. Other revenue

Other revenue consists of Nevada, merchandise, registration fees for information days, interest income on bank accounts and Year of the Brain.

13. 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.

14. 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.

Credit risk

The financial instruments that potentially subject the Foundation to a significant concentration of credit risk consist primarily of cash, short-term investments, long-term investments and Endowment Fund. The Foundation mitigates its exposure to credit loss by placing its cash and investments with a Chartered Canadian Bank.

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

Brain Tumour Foundation of Canada
Notes to the Financial Statements
December 31, 2015

15. Restricted fund

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

	2015	2014
Advocacy	\$ 3,109	\$ -
Brainwave	13,000	-
Canadian Cancer Society - Impact Grant Fund	(590,927)	(625,000)
Evan Leversage Legacy	26,668	-
Flowthrough	-	2,541
Nazira Mamdani	1,380	71,537
Neuro-Oncology Research	13,660	-
Programs & Services	23,974	154,078
Research - General	21,816	191,505
Research - Pediatric	5,680	28,665
Research - Registry	12,740	12,690
Research - Studentship Fund	75,159	93,615
Richard Motyka Research Fellowship Fund	67,925	67,925
Video Series	5,570	-
William Donald Nash Research Fellowship Fund	383,192	383,192
Youth Education Awards	40,625	50,562
	<u>\$ 103,571</u>	<u>\$ 431,310</u>

16. Interfund transfers

During the year, the Foundation transferred \$7,965 from the Endowment Fund to the Unrestricted Fund to be spent in accordance with donor instructions. The Foundation also transferred \$69,668 from the Restricted Fund to the Unrestricted Fund to cover restricted expenses paid out of the Unrestricted Fund.