

**Brain Tumour Foundation of Canada
Financial Statements**

Year ended December 31, 2016

Brain Tumour Foundation of Canada

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Collins Barrow KMD LLP
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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, 2016, 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, 2016, 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, 2016 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.

Collins Barrow KMD LLP

Chartered Professional Accountants
Licensed Public Accountants

London, Canada
May 1, 2017

Brain Tumour Foundation of Canada
Statement of Operations and Changes in Net Assets
Year ended December 31, 2016

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2016	Total 2015 (note 13)
Revenues					
Fundraising events	\$ 1,968,551	\$ 160,162	\$ -	\$ 2,128,713	\$ 1,964,478
Donations	440,212	275,299	-	715,511	642,696
Other revenue (note 12)	19,357	354	-	19,711	51,566
Investment income	96,900	-	20,981	117,881	95,243
	<u>2,525,020</u>	<u>435,815</u>	<u>20,981</u>	<u>2,981,816</u>	<u>2,753,983</u>
Fundraising expenditures					
Fundraising events	162,687	-	-	162,687	188,134
Other fundraising	350,138	-	-	350,138	485,486
	<u>512,825</u>	<u>-</u>	<u>-</u>	<u>512,825</u>	<u>673,620</u>
Program expenditures					
Patient services	1,695,929	53,964	-	1,749,893	1,725,863
Research	89,660	262,413	-	352,073	411,793
	<u>1,785,589</u>	<u>316,377</u>	<u>-</u>	<u>2,101,966</u>	<u>2,137,656</u>
Administration expenditures					
Salaries	89,600	-	-	89,600	91,508
Office and general	132,879	-	2,825	135,704	106,947
Amortization	2,572	-	-	2,572	2,748
Miscellaneous	4,286	-	-	4,286	4,877
	<u>229,337</u>	<u>-</u>	<u>2,825</u>	<u>232,162</u>	<u>206,079</u>
Expenditures for the year	<u>2,527,751</u>	<u>316,377</u>	<u>2,825</u>	<u>2,846,953</u>	<u>3,017,355</u>
Excess (deficiency) of revenues over expenditures for the year	<u>\$ (2,731)</u>	<u>\$ 119,438</u>	<u>\$ 18,156</u>	<u>\$ 134,863</u>	<u>\$ (263,371)</u>
Fund Balances, Beginning of Year	\$ 1,579,847	\$ 103,571	\$ 277,040	\$ 1,960,458	\$ 2,223,829
Interfund transfer	\$ (148,386)	\$ 157,836	\$ (9,450)	\$ -	\$ -
Fund Balances, End of Year	<u>\$ 1,428,730</u>	<u>\$ 380,845</u>	<u>\$ 285,746</u>	<u>\$ 2,095,321</u>	<u>\$ 1,960,458</u>

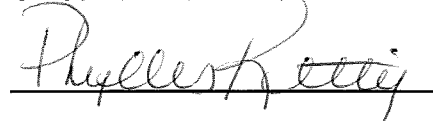
See accompanying notes

Brain Tumour Foundation of Canada
(Incorporated under the laws of Ontario)
Statement of Financial Position
As at December 31, 2016

	2016	2015
ASSETS		
Current assets		
Cash	\$ 400,714	\$ 405,487
Short-term investments (note 3)	787,725	747,080
HST receivable	49,449	35,974
Inventory	-	6,536
Prepaid expenses	115,285	60,046
	<u>1,353,173</u>	<u>1,255,123</u>
Long-term investments (note 4)	998,553	1,098,553
Property, plant and equipment (note 5)	21,305	27,439
Intangible assets (note 6)	56,498	71,182
Endowment Fund (note 7)	285,746	277,040
CSV of life insurance policy (note 8)	16,948	15,817
	<u>\$ 2,732,223</u>	<u>\$ 2,745,154</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 54,402	\$ 59,696
Grants payable (note 10)	286,250	300,000
	<u>340,652</u>	<u>359,696</u>
Long-term portion of grants payable (note 10)	296,250	425,000
	<u>636,902</u>	<u>784,696</u>
Commitments (note 11)		
FUND BALANCES		
Unrestricted Fund per page 2	1,428,730	1,579,847
Restricted Fund (note 15) per page 2	380,845	103,571
Endowment Fund (note 7) per page 2	285,746	277,040
	<u>2,095,321</u>	<u>1,960,458</u>
	<u>\$ 2,732,223</u>	<u>\$ 2,745,154</u>

See accompanying notes

On behalf of the board





Brain Tumour Foundation of Canada

Statement of Cash Flows

Year ended December 31, 2016

	2016	2015
Operating activities		
Excess (deficiency) of revenues over program expenditures	\$ 134,863	\$ (263,371)
Item not affecting cash		
Amortization	36,736	39,264
	171,599	(224,107)
Change in non-cash working capital items		
Increase in HST receivable	(13,475)	(6,372)
Decrease in prepaid expenses - Docs on Ice	-	31,250
Decrease in inventory	6,536	2,601
Increase in prepaid expenses	(55,239)	(8,232)
Decrease in accounts payable and accrued liabilities	(5,293)	(17,318)
Decrease in grants payable	(142,500)	(20,000)
Decrease in deferred revenue - Docs on Ice	-	(64,000)
Decrease (increase) in investments	59,355	(67,108)
	20,983	(373,286)
Investing activities		
Purchase of property, plant and equipment	(2,233)	(4,207)
Purchase of intangible assets	(13,686)	(3,262)
Increase in Endowment Fund investments	(8,706)	(814)
Increase in net CSV of life insurance policy	(1,131)	(1,654)
	(25,756)	(9,937)
Change in cash position	(4,773)	(383,223)
Cash, beginning of year	405,487	788,710
Cash, end of year	\$ 400,714	\$ 405,487

See accompanying notes

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

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.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

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) 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

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

2. Significant accounting policies, continued

(e) 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.

(f) 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.

(g) 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.

(h) 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).

2. Significant accounting policies, continued

(i) 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 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

(j) 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.

(k) 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, useful life of intangible assets, net realizable value of inventory, and in-kind donations. Actual results may vary from these estimates.

(l) 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 \$23,150 (2015 - \$5,119).

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

3. Short term investments

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

	2016	2015
RBC portfolio	\$ 787,725	\$ 747,080

Included in the short term investments are restricted investments of \$124,475 (\$67,925 in 2015) held in the Richard Motyka Research Fellowship Fund.

4. Long-term investments

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

	2016	2015
RBC portfolio	\$ 998,553	\$ 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, 2016

5. Property, plant and equipment

	2016		
	Cost	Accumulated amortization	Net
Office equipment	\$ 70,487	\$ 59,341	\$ 11,146
Leasehold improvements	30,919	26,043	4,876
Computer equipment	121,434	116,151	5,283
	<u>\$ 222,840</u>	<u>\$ 201,535</u>	<u>\$ 21,305</u>
	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>

The amortization for 2016 was \$8,366 (2015 - \$11,561).

6. Intangible assets

	2016		2015	
	Cost	Accumulated amortization	Net	Net
Registered logos	\$ 25,627	\$ 24,773	\$ 854	\$ 2,563
Website	99,800	88,395	11,406	1,940
Computer software	161,664	117,426	44,238	66,679
	<u>\$ 287,091</u>	<u>\$ 230,594</u>	<u>\$ 56,498</u>	<u>\$ 71,182</u>

The amortization of intangible assets for 2016 was \$28,370 (2015 - \$27,703).

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

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:

	2016	2015
General	\$ 23,457	\$ 23,992
Kelly Northey Legacy	28,320	28,057
David Bloom Legacy	31,133	30,385
Hannah Patterson Legacy	77,614	77,164
R. Angus King Legacy	125,222	117,442
	<u>\$ 285,746</u>	<u>\$ 277,040</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:

	2016	2015
Income tax withheld at source	\$ 2,961	\$ 3,072
Canada pension plan	1,617	1,602
Employment insurance	683	778
	<u>\$ 5,261</u>	<u>\$ 5,452</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

10. Grants payable

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

	2016	2015
Brain Canada Foundation	\$ 46,250	\$ -
Brain Tumour Research Centre	5,000	-
Canadian Cancer Society - Impact Grant Fund	125,000	125,000
McGill University	5,000	-
Nazira Mamdani Research Fellowship	-	50,000
Provincial Health Services	50,000	-
Research - Studentship	-	25,000
Richard Motyka Research Fellowship	-	50,000
Stephen Buttrum Research Fellowship	-	50,000
The Hospital for Sick Children	50,000	-
University of Alberta	5,000	-
Current portion of grants payable	286,250	300,000
Brain Canada Foundation	46,250	-
Canadian Cancer Society - Impact Grant Fund	250,000	375,000
Nazira Mamdani Research Fellowship	-	50,000
Long-term portion of grants payable	296,250	425,000
	<u>\$ 582,500</u>	<u>\$ 725,000</u>

Brain Tumour Foundation of Canada

Notes to the Financial Statements

December 31, 2016

11. Commitments

The Foundation leases office space and equipment under operating lease agreements. The London office space lease on Colborne St. was extended for three months and expires in January 2017 and the London office space lease on Horton St. is for a seven year term and expires in January 2024. The aggregate minimum lease payments are as follows:

2017	\$ 54,940
2018	60,212
2019	61,443
2020	62,674
2021	<u>63,905</u>
	<u>\$ 303,174</u>

Blackbaud agreement

The Foundation has made an annual commitment of \$30,180 for the aggregate amount of \$90,540 on a three year contract expiring December 19, 2019 to obtain subscription based services to upgrade their computer software.

Brain Tumour Tissue Bank Project

Subsequent to year-end, the Foundation has committed to a donation of \$93,149 in 2017 for the Tissue Bank Project administered by the London Health Sciences Centre.

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, 2016

15. Restricted fund

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

	2016	2015
Advocacy	\$ 3,109	\$ 3,109
Brainwave	32,128	13,000
Canadian Cancer Society - Impact Grant Fund	(327,117)	(590,927)
Evan Leversage Legacy	7,656	26,668
Nazira Mamdani	-	1,380
Neuro-Oncology Research	80	13,660
Programs & Services	42,264	23,974
Research - General	101,096	21,816
Research - Pediatric	30,945	5,680
Research - Registry	(14,028)	12,740
Research - Studentship Fund	64,285	75,159
Richard Motyka Research Fellowship Fund	124,475	67,925
Video Series	5,570	5,570
William Donald Nash Research Fellowship Fund	283,192	383,192
Youth Education Awards	27,190	40,625
	<u>\$ 380,845</u>	<u>\$ 103,571</u>

16. Interfund transfers

During the year, the board approved the transfer of \$9,450 from the Endowment Fund to the Unrestricted Fund to be spent in accordance with donor instructions. The board also approved the transfer of \$148,386 from the Unrestricted Fund to the Restricted Fund to reimburse restricted expenses paid out of the Restricted Fund.