

Brain Tumour Foundation of Canada
Financial Statements
December 31, 2018

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Independent Auditors' Report

To the Board of Directors of Brain Tumour Foundation of Canada:

Report on Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Brain Tumour Foundation of Canada (the "Foundation"), which comprise the statement of financial position as at December 31, 2018, the statement of fund operations and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Brain Tumour Foundation of Canada as at December 31, 2018 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.

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 years ended December 31, 2018 and December 31, 2017, current assets and fund balances as at December 31, 2018 and December 31, 2017.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

MNP LLP

London, Ontario

March 25, 2019

Chartered Professional Accountants

Licensed Public Accountants

Brain Tumour Foundation of Canada
Statement of Operations and Changes in Net Assets
Year ended December 31, 2018

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2018	Total 2017
Revenues					
Fundraising events	\$ 1,909,913	\$ 212,819	\$ -	\$ 2,122,732	\$ 2,216,168
Donations	642,679	287,279	462	930,420	1,270,973
Other revenue (note 12)	11,552	25	-	11,577	26,735
Investment (loss) income (note 13)	(15,288)	-	(3,591)	(18,879)	152,418
	<u>2,548,856</u>	<u>500,123</u>	<u>(3,129)</u>	<u>3,045,850</u>	<u>3,666,294</u>
Fundraising expenditures					
Fundraising events	224,735	-	-	224,735	168,268
Other fundraising	417,625	-	-	417,625	393,876
	<u>642,360</u>	<u>-</u>	<u>-</u>	<u>642,360</u>	<u>562,144</u>
Program expenditures					
Patient services	2,011,112	41,507	-	2,052,619	1,812,196
Research	91,691	261,711	-	353,402	479,569
	<u>2,102,803</u>	<u>303,218</u>	<u>-</u>	<u>2,406,021</u>	<u>2,291,765</u>
Administration expenditures					
Salaries	101,247			101,247	96,161
Office and general	146,435	-	3,698	150,133	150,406
Amortization	3,516			3,516	3,210
Miscellaneous	6,889			6,889	4,215
	<u>258,087</u>	<u>-</u>	<u>3,698</u>	<u>261,785</u>	<u>253,992</u>
Expenditures for the year	<u>3,003,250</u>	<u>303,218</u>	<u>3,698</u>	<u>3,310,166</u>	<u>3,107,901</u>
Excess (deficiency) of revenues over expenditures for the year	<u>\$ (454,394)</u>	<u>\$ 196,905</u>	<u>\$ (6,827)</u>	<u>\$ (264,316)</u>	<u>\$ 558,393</u>
Fund Balances, Beginning of Year	\$ 1,278,637	\$ 1,013,511	\$ 361,566	\$ 2,653,714	\$ 2,095,321
Interfund transfer (note 16)	\$ (830)	\$ 10,030	\$ (9,200)	-	-
Fund Balances, End of Year	<u>\$ 823,413</u>	<u>\$ 1,220,446</u>	<u>\$ 345,539</u>	<u>\$ 2,389,398</u>	<u>\$ 2,653,714</u>

See accompanying notes

Brain Tumour Foundation of Canada

Statement of Financial Position

Year ended December 31, 2018

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2018	Total 2017
Assets					
Current					
Cash	\$ 264,237	\$ -	\$ -	\$ 264,237	\$ 322,517
Short-term investments (note 3)	322,730	29,840	-	352,570	453,999
HST receivable	49,557	-	-	49,557	45,829
Prepaid expenses	113,439	-	-	113,439	126,274
	749,963	29,840	-	779,803	948,619
Long-term investments (note 4)	715,361	784,113	-	1,499,474	1,778,523
Due from unrestricted fund	(661,993)	661,993	-	-	-
Property, plant and equipment (note 5)	96,658	-	-	96,658	120,002
Intangible assets (note 6)	10,715	-	-	10,715	28,642
Endowment fund (note 7)	-	-	345,539	345,539	361,566
	910,704	1,475,946	345,539	2,732,189	3,237,352
Liabilities					
Current					
Accounts payable and accrued liabilities (note 8)	\$ 66,899	\$ -	\$ -	\$ 66,899	\$ 70,140
Grants payable (note 10)	-	222,750	-	222,750	331,310
Deferred revenue	-	-	-	-	4,000
Current portion of capital lease obligation (note 9)	7,911	-	-	7,911	32,812
	74,810	222,750	-	297,560	438,262
Long-term portion of grants payable (note 10)	-	32,750	-	32,750	125,000
Capital lease obligation (note 9)	12,481	-	-	12,481	20,376
	87,291	255,500	-	342,791	583,638
Commitments (note 11)					
Fund Balances					
Unrestricted Fund per page 3	823,413	-	-	823,413	1,278,637
Restricted Fund (note 15) per page 3	-	1,220,446	-	1,220,446	1,013,511
Endowment Fund (note 7) per page 3	-	-	345,539	345,539	361,566
	\$ 823,413	\$ 1,220,446	\$ 345,539	\$ 2,389,398	\$ 2,653,714
	\$ 910,704	\$ 1,475,946	\$ 345,539	\$ 2,732,189	\$ 3,237,352

See accompanying notes

On behalf of the Board:




Brain Tumour Foundation of Canada
Statement of Cash Flows
Year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenues over program expenditures	\$ (264,316)	\$ 558,393
Items not affecting cash		
Loss on sale of property, plant and equipment	-	4,876
Amortization	50,226	45,852
	(214,090)	609,121
Changes in non-cash working capital balances		
(Increase) decrease in HST receivable	(3,728)	3,620
Decrease (increase) in prepaid expenses	12,835	(10,989)
(Decrease) increase in accounts payable and accrued liabilities	(3,241)	15,739
Decrease in grants payable	(200,810)	(126,190)
(Decrease) increase in deferred revenue	(4,000)	4,000
Decrease (increase) in investments	380,478	(446,244)
	(32,556)	49,057
Investing activities		
Purchase of property, plant, and equipment	(6,195)	(121,569)
Purchase of intangible assets	(2,760)	-
Decrease (increase) in Endowment Fund investments	16,027	(75,821)
Proceeds from CSV of life insurance policy	-	16,948
	7,072	(180,442)
Financing activities		
Repayment of capital lease obligation	(32,796)	(28,821)
Proceeds of capital lease obligation	-	82,009
	(32,796)	53,188
Change in cash position	(58,280)	(78,197)
Cash, beginning of year	322,517	400,714
Cash, end of year	264,237	322,517

See accompanying notes

Brain Tumour Foundation of Canada
Notes to the Financial Statements
For the year ended December 31, 2018

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 six funds: Hannah Patterson Legacy Fund, Kelly Northey Legacy Fund, David Bloom Legacy Fund, R. Angus King Legacy Fund, Pam and Rolando Del Maestro Family and the Brain Tumour Foundation (General) Fund.

(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 collectability of pledges, the Foundation recognizes only those pledges for which contributions have been received at the date of completion of these financial statements.

2. Significant accounting policies (continued from previous page)

(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
Signs	5 years	Straight-line
Asset under capital lease	5 years	Straight-line

(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 from previous page)

(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 and HST receivable. 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.

(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.

Brain Tumour Foundation of Canada
Notes to the Financial Statements
For the year ended December 31, 2018

2. Significant accounting policies (continued from previous page)

(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 \$5,806 (2017 - \$6,499).

3. Short term investments

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

	<i>2018</i>	<i>2017</i>
RBC portfolio	\$ 352,570	\$ 453,999

Included in the short term investments are restricted investments of \$29,840 (\$29,840 in 2017) held in the Richard Motyka Research Fellowship Fund.

4. Long term investments

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

	<i>2018</i>	<i>2017</i>
RBC portfolio	\$ 1,499,474	\$ 1,778,523

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 and A.E. Research 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

	<i>2018</i>		<i>2017</i>	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net</i>	<i>Net</i>
Office equipment	\$ 76,063	\$ 64,915	\$ 11,148	\$ 13,936
Leasehold improvements	10,687	1,603	9,084	10,152
Computer equipment	142,375	129,341	13,034	14,410
Signs	8,551	2,565	5,986	7,696
Asset under capital lease	237,676	198,424	39,252	46,194
	82,009	24,603	57,406	73,808
	319,685	223,027	96,658	120,002

The amortization for 2018 was \$29,539 (2017 - \$18,430).

Brain Tumour Foundation of Canada
Notes to the Financial Statements

For the year ended December 31, 2018

6. Intangible assets

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Registered logos	\$ 28,387	\$ 25,719	\$ 2,668	\$ -
Website	99,800	97,519	2,281	6,844
Computer software	161,664	155,898	5,766	21,798
	289,851	279,136	10,715	28,642

The amortization of intangible assets for 2018 was \$20,687 (2017 - \$27,866).

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:

	2018	2017
General	\$ 23,741	\$ 24,610
Kelly Northey Legacy	27,555	29,131
David Bloom Legacy	32,913	31,552
Hannah Patterson Legacy	74,969	79,256
R. Angus King Legacy	130,405	137,861
Pam and Rolando Del Maestro Family	55,956	59,156
	345,539	361,566

8. Government remittances payable

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

	2018	2017
Income tax withheld at source	\$ 5,081	\$ 4,158
Canada pension plan	2,848	2,255
Employment insurance	1,154	966
	9,083	7,379

Brain Tumour Foundation of Canada
Notes to the Financial Statements

For the year ended December 31, 2018

9. Capital lease obligations

	2018	2017
Capital lease contract for equipment with net book value of \$48,609, repayable in monthly installments of \$2,349 plus HST including interest at 0% per annum with a maturity date of February 2019 and a buyout option of \$1 at maturity.	\$ 2,359	\$ 29,813
Capital lease contract for equipment with net book value of \$25,199, repayable in monthly installments of \$518 plus HST including interest at 4.17% per annum with a maturity date of January 2022 and a buyout option of \$10 at maturity.	18,033	23,375
	20,392	53,188
Less current portion	7,911	32,812
Due beyond one year	\$ 12,481	\$ 20,376

Capital leases are recorded at an amount equal to the present value of the lease payments using the interest rate implicit in the lease. The implicit interest rate of these obligations is 4.17% and their expiry dates are from February 2019 to January 2022. The following is a schedule of future minimum lease payments under capital leases.

2019	\$ 8,561
2020	6,212
2021	6,212
2022	527
Total future minimum lease payments	21,512
Less amount representing interest	1,120
Present value of minimum net lease payments	20,392
Less current portion	7,911
	\$ 12,481

Interest charges to the accounts of the Foundation on the above during the year amounts to \$1,592.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

For the year ended December 31, 2018

10. Grants payable

	2018	2017
Registry Project	\$ -	\$ 131,310
Studentships	15,000	25,000
Canadian Cancer Society – Impact Grant Fund	125,000	125,000
Richard Motyka Fellowship	-	50,000
William Donald Nash Fellowship	50,000	-
BT Funders Collaborative	32,750	-
Current portion of grants payable	222,750	331,310
Canadian Cancer Society – Impact Grant Fund	-	125,000
BT Funders Collaborative	32,750	-
Long-term portion of grants payable	32,750	125,000
	\$ 255,500	\$ 456,310

11. Commitments

The Foundation leases office space and equipment under operating lease agreements. The London office space lease on Horton St commenced February 1, 2018. The office lease is for a seven year term and expires January, 2024. The aggregate minimum lease payments including HST are as follows:

2019	\$ 97,035
2020	98,222
2021	99,404
2022	97,464
2023	89,277
Subsequent years	7,448
Total future minimum lease payments	\$ 488,850

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 \$86,152 in 2019 for the Tissue Bank Project administered by the London Health Sciences Centre.

Brain Tumour Funder's Collaborative

The Foundation has committed to contributing \$75,000 USD over three years, commencing in 2018, to a funding initiative on immunotherapy for brain cancers. As of December 31, 2018, contributions of \$25,000 USD have been made.

Website

The Foundation has contracted with Rhinoactive for website upgrades and support costing \$56,390 over the next five years.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

For the year ended December 31, 2018

11. Commitments (continued from previous page)

Argyle Communications

The Foundation has contracted with Argyle Communications to assist with campaign planning and coordination, website development, advocacy support and media relations for a cost of \$44,247 in 2019.

Future Grants and Fellowships

The Foundation has approved the contribution of \$600,000 towards research grants in annual instalments of \$150,000 commencing in 2019. The Foundation has also approved the contribution of \$200,000 towards fellowships; \$100,000 in 2019 and \$100,000 in 2020. The funds will be paid out of the restricted fund. No amounts have been committed to at this time as such they are not reflected in the financial statements.

12. Other revenue

Other revenue consists of Nevada, registration fees, interest income on bank accounts and tissue bank payments.

13. Investment income (loss)

Investment income/losses are broken down between realized and unrealized amounts as follows:

	<i>2018</i>	
	<i>Unrestricted</i>	<i>Endowment</i>
Realized gain (loss)	\$ 68,207	\$ (3,591)
Unrealized gain (loss)	(83,495)	-
	(15,288)	(3,591)
	<i>2017</i>	
	<i>Unrestricted</i>	<i>Endowment</i>
Realized gain (loss)	\$ 76,411	\$ 32,130
Unrealized gain (loss)	43,877	-
	120,288	32,130

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.

Brain Tumour Foundation of Canada

Notes to the Financial Statements

For the year ended December 31, 2018

14. Financial instruments and risks (continued from previous page)

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.

15. Restricted Fund

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

	2018	2017
A.E. Research Fund	\$ 600,921	\$ 492,711
Brainwave	-	25,061
Canadian Cancer Society – Impact Grant Fund	-	(45,530)
Handbooks	35,422	4,958
Programs & Services	8,302	-
Research – General	108,261	115,130
Research – Pediatric	100,628	6,270
Research – Registry	126,284	54,172
Research – Studentship	8,309	29,797
Richard Motyka Research Fellowship Fund	29,840	29,840
Video Series	5,570	5,570
William Donald Nash Research Fellowship Fund	183,192	283,192
Youth Education Awards	13,717	12,340
	\$ 1,220,446	\$ 1,013,511

16. Interfund transfers

During the year, the board approved the transfer of \$9,200 from the Endowment Fund to the Unrestricted Fund to be spent in accordance with donor instructions. The board also approved the transfer of \$830 from the Unrestricted Fund to the Restricted Fund.

17. 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 year earnings.