

Financial Statements of

**THE TERRY FOX  
RESEARCH INSTITUTE**

For year ended March 31, 2014



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Terry Fox Research Institute

We have audited the accompanying financial statements of The Terry Fox Research Institute, which comprise the balance sheet as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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 private enterprises, 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.

### *Auditors' 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 our 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, we consider internal control relevant to the entity'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 entity'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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Terry Fox Research Institute as at March 31, 2014, and its results of 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 Canada Corporations Act, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants

July 22, 2014

Chilliwack, British Columbia

# THE TERRY FOX RESEARCH INSTITUTE

Balance Sheet

March 31, 2014, with comparative information for 2013

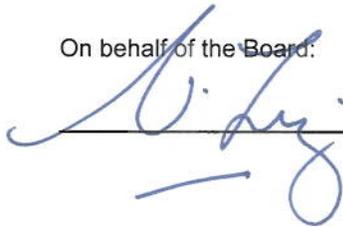
	2014	2013
<b>Assets</b>		
Current assets:		
Cash	\$ 399,075	\$ 344,457
Other assets (note 3)	16,944	59,834
	<u>416,019</u>	<u>404,291</u>
Equipment (note 4)	6,943	9,294
	<u>\$ 422,962</u>	<u>\$ 413,585</u>

## Liabilities and Net Assets

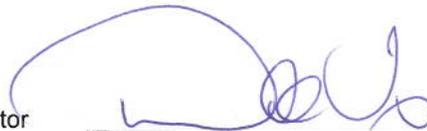
Current liability:		
Accounts payable and accrued liabilities (note 5)	\$ 231,382	\$ 249,169
Due to the Terry Fox Foundation (note 6)	7,757	15,394
Deferred contributions	115,084	-
Net assets:		
Invested in equipment	6,943	9,294
Unrestricted	61,796	139,728
	<u>68,739</u>	<u>149,022</u>
Commitments (note 7)		
	<u>\$ 422,962</u>	<u>\$ 413,585</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Operations

Year ended March 31, 2014 with comparative information for 2013

	2014	2013
Revenue:		
Research Funding:		
The Terry Fox Foundation (note 6)	\$ 21,792,963	\$ 9,885,682
Other research funding	394,150	182,424
Interest income	370	2,027
Government student grants	156	-
	<u>22,187,639</u>	<u>10,070,133</u>
Cancer research supported	20,822,380	8,820,563
Cancer research programs management	233,692	260,488
	<u>21,056,072</u>	<u>9,081,051</u>
	1,131,567	989,082
Administrative expenses:		
Amortization	6,965	7,406
Meetings and conferences	84,872	60,189
Occupancy expense	59,083	63,677
Office and miscellaneous	28,143	64,185
Professional fees	109,617	68,420
Program development	48,680	34,120
Promotion	7,068	17,565
Salaries and benefits	867,422	762,234
	<u>1,211,850</u>	<u>1,077,796</u>
Deficiency of revenue over expenses	<u>\$ (80,283)</u>	<u>\$ (88,714)</u>

See accompanying notes to financial statements.

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Changes in Net Assets

Year ended March 31, 2014 with comparative information for 2013

	Invested in equipment	Unrestricted	Total 2014	Total 2013
Net assets, beginning of year	\$ 9,294	\$ 139,728	\$ 149,022	\$ 237,736
Deficiency of revenue over expenses	(6,965)	(73,318)	(80,283)	(88,714)
Net change in investment in equipment	4,614	(4,614)	-	-
Net assets, end of year	\$ 6,943	\$ 61,796	\$ 68,739	\$ 149,022

See accompanying notes to financial statements.

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Cash Flows

Year ended March 31, 2014 with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (80,283)	\$ (88,714)
Items not involving cash:		
Amortization	6,965	7,406
Changes in non-cash operating working capital:		
Accrued interest	-	1,248
Other assets	42,890	54,900
Accounts payable and accrued liabilities	(17,787)	32,117
	<u>(48,215)</u>	<u>6,957</u>
Financing:		
Advances to The Terry Fox Foundation	(7,637)	(356,770)
Increase in deferred contributions	115,084	-
	<u>107,447</u>	<u>(356,770)</u>
Investing:		
Purchase of equipment	(4,614)	-
Increase (decrease) in cash and short-term investments	<u>54,618</u>	<u>(349,813)</u>
Cash and short-term investments, beginning of year	344,457	694,270
Cash and short-term investments, end of year	<u>\$ 399,075</u>	<u>\$ 344,457</u>

See accompanying notes to financial statements.

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2014

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## General:

The Terry Fox Research Institute (the "Institute") was incorporated by letters patent on March 14, 2007 to promote, advance and fund scientific research into the treatment and prevention of cancer by providing grants to groups of researchers working toward a common goal ("Nodes") to be used toward approved cancer research projects.

## 1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook - Accounting. The Institute's significant accounting policies are as follows:

### (a) Revenue recognition:

The Institute follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.

Interest income on short-term investments is recorded on an accrual basis.

### (b) Expenditure recognition:

Expenditures are charged to mission expenditure priorities, principally cancer research.

Research included research funding and the costs of managing research programs. Research funding (projects, personnel and research centres) focuses on activities to advance our understanding, diagnosis and treatment of cancer with the goal of improving significantly the outcomes of cancer research for the patient. Managing research programs focuses on activities as the scientific review process, research forums, advisory committees and linkage with researchers.

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Institute has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Institute determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Institute expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (d) Equipment:

Equipment is stated at cost, less accumulated amortization. Amortization is provided using the straight-line method and following annual rates:

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Asset	Rate
Leasehold improvements	5 years
Computer equipment	3 years
Furniture and office equipment	5 years

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# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (e) Use of estimates:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations which require management estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## 2. Capital management:

The Institute receives the majority of capital funds from The Terry Fox Foundation. The Institute defines capital to be net assets and deferred contributions.

The Institute's objective when managing capital is to retain enough capital to continue to be able to fund scientific research into the treatment and prevention of cancer. The Institute manages capital by approving research projects based on available funds and the goal of the project. Currently, the Institute's strategy is to monitor the success of the projects on an ongoing basis and to provide further funding as necessary.

## 3. Other assets:

	2014	2013
Accounts receivable	\$ -	\$ 31,135
GST receivable	16,944	28,699
	\$ 16,944	\$ 59,834

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 4. Equipment:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and office equipment	\$ 1,021	\$ 919	\$ 102	\$ 306
Computer equipment	27,970	24,125	3,845	-
Leasehold improvements	29,960	26,964	2,996	8,988
	<u>\$ 58,951</u>	<u>\$ 52,008</u>	<u>\$ 6,943</u>	<u>\$ 9,294</u>

## 5. Post retirement obligation:

The Institute has a fixed post-retirement benefit plan for one of its senior management employees on loan from their regular employer ("Employer"). The benefits are based on years of service and annual base salary as determined by the Employer. The unfunded obligation is \$175,030 (2013 - \$144,337) and is included in accounts payable, however, no assets are segregated for this obligation. The employee future benefit expense recognized during the year for current service was \$30,692 (2013 - \$28,627).

## 6. Related party transactions:

During the year, The Terry Fox Foundation (the "Foundation") provided the Institute with \$21,792,963 (2013 - \$9,885,682) in research funding. The Institute then distributed \$20,493,819 (2013 - \$8,669,033) of the total funds received to various institutions for cancer research. The remaining funds were invested or used for administrative expenses.

The Institute and the Foundation have certain common officers and management. The Institute is economically dependant on the Foundation for future research funding.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements (continued)

Year ended March 31, 2014

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## 7. Commitments:

- (a) The Institute has entered into a lease agreement for office premises that require monthly payments of \$4,804 until June 2016.
- (b) The Institute has committed to funding research projects on behalf of and based upon suitable support from The Terry Fox Foundation, subject to the availability of funds, over the next five years as follows:

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	Supported by others	Supported by the Terry Fox Foundation
2015	\$ 899,160	\$ 21,664,338
2016	400,000	18,491,307
2017	-	10,868,108
2018	-	5,762,774
2019	-	2,189,420
Thereafter	-	547,892
	<hr/> <b>\$ 1,299,160</b>	<hr/> <b>\$ 59,523,839</b>

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## 8. Comparative information:

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.