

# **The Terry Fox Research Institute**

Financial Statements  
**March 31, 2016**



July 29, 2016

## **Independent Auditor's 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, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and the related notes, which comprise 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

---

*PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806*



**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, 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.

**Other matter**

The financial statements for The Terry Fox Research Institute for the year ended March 31, 2015 were audited by another auditor who expressed an unqualified opinion on these financial statements dated September 14, 2015.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants**

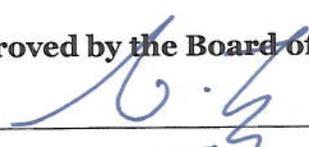
# The Terry Fox Research Institute

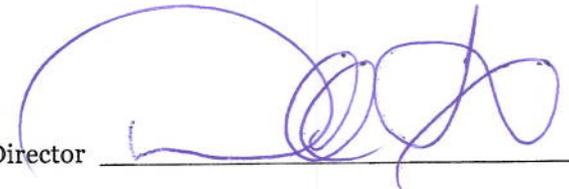
## Balance Sheet

As at March 31, 2016

	2016 \$	2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	2,270,340	176,443
Accounts receivable and other assets	98,800	57,627
Due from The Terry Fox Foundation (note 5)	20,965	-
	<u>2,390,105</u>	<u>234,070</u>
<b>Equipment</b> (note 3)	9,076	6,543
	<u>2,399,181</u>	<u>240,613</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	72,266	87,326
Grants payable	2,000,000	-
	<u>2,072,266</u>	<u>87,326</u>
<b>Pension plan liability</b> (note 4)	236,379	205,704
<b>Due to The Terry Fox Foundation</b> (note 5)	-	47,591
<b>Deferred contributions</b>	-	26,250
	<u>2,308,645</u>	<u>366,871</u>
<b>Net assets</b>		
<b>Invested in equipment</b>	9,076	6,543
<b>Unrestricted</b>	81,460	(132,801)
	<u>90,536</u>	<u>(126,258)</u>
	<u>2,399,181</u>	<u>240,613</u>
<b>Commitments</b> (note 6)		

Approved by the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

# The Terry Fox Research Institute

## Statement of Operations

For the year ended March 31, 2016

---

	2016 \$	2015 \$
<b>Revenue</b>		
Research funding		
The Terry Fox Foundation (note 5)	23,126,582	20,946,485
Other research funding	671,265	650,462
Other income	101	149
	<hr/> 23,797,948	<hr/> 21,597,096
<b>Research expenses</b>		
Cancer research supported	21,772,445	19,928,032
Cancer research programs management	518,250	467,289
	<hr/> 22,290,695	<hr/> 20,395,321
<b>Administrative expenses</b>		
Amortization	4,385	5,483
Meetings and conferences	48,449	84,093
Occupancy expense	59,083	59,083
Office and miscellaneous	40,036	36,713
Professional fees	103,478	102,157
Program development	57,220	54,525
Promotion	26,740	35,549
Salaries and benefits	951,068	1,002,503
	<hr/> 1,290,459	<hr/> 1,380,106
<b>Total expenses</b>	<hr/> 23,581,154	<hr/> 21,775,427
<b>Excess (deficiency) of revenue over expenses</b>	<hr/> 216,794	<hr/> (178,331)

The accompanying notes are an integral part of these financial statements.

# The Terry Fox Research Institute

## Statement of Changes in Net Assets

For the year ended March 31, 2016

---

			2016	2015
	Invested in equipment \$	Unrestricted \$	Total \$	Total \$
<b>Balance - Beginning of year</b>	6,543	(132,801)	(126,258)	52,073
Excess (deficiency) of revenue over expenses	(4,385)	221,179	216,794	(178,331)
Investment in equipment	6,918	(6,918)	-	-
<b>Balance - End of year</b>	9,076	81,460	90,536	(126,258)

The accompanying notes are an integral part of these financial statements.

# The Terry Fox Research Institute

## Statement of Cash Flows

For the year ended March 31, 2016

---

	2016 \$	2015 \$
<b>Cash provided by (used in)</b>		
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenue over expenses	216,794	(178,331)
Item not affecting cash - amortization	4,385	5,483
	<hr/>	<hr/>
	221,179	(172,848)
Changes in non-cash operating working capital		
Accounts receivable and other assets	(41,173)	(40,683)
Accounts payable and accrued liabilities	(15,060)	30,974
Grants payable	2,000,000	-
Due (from) to The Terry Fox Foundation	(68,556)	23,168
	<hr/>	<hr/>
	2,096,390	(159,389)
<b>Cash flows from financing activities</b>		
Increase in pension plan liability	30,675	30,674
Decrease in deferred contributions	(26,250)	(88,834)
	<hr/>	<hr/>
	4,425	(58,160)
<b>Cash flows from investing activities</b>		
Purchase of equipment	(6,918)	(5,083)
	<hr/>	<hr/>
<b>Increase (decrease) in cash</b>	2,093,897	(222,632)
<b>Cash - Beginning of year</b>	176,443	399,075
	<hr/>	<hr/>
<b>Cash - End of year</b>	2,270,340	176,443
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

# The Terry Fox Research Institute

## Notes to Financial Statements

March 31, 2016

---

### 1 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 to be used toward approved cancer research projects.

The Terry Fox Foundation (the "Foundation"), a party related to the Institute, raises funds for cancer research. Funds raised are provided to the Institute for allocation to the best Cancer Research. The Institute and the Foundation are maintained as separate and independent organizations with a joint purpose and mutual interest. Certain services are shared between the Institute and the Foundation in order to reduce costs and increase efficiencies.

### 2 Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook - Accounting. The Institute's significant accounting policies are as follows:

#### 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.

#### Research and other expenses

Research includes 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 Institute recognizes a grant expense when the grant recipient has complied with the conditions to meet the terms of the grant agreement and the Institute has approved payment of the grant.

Other operating expenses are recognized on the accrual basis of accounting.

# The Terry Fox Research Institute

## Notes to Financial Statements

March 31, 2016

---

### Financial instruments

Financial instruments are recorded at fair value on initial recognition and 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.

### Equipment

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

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

### 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 amounts 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.

## 3 Equipment

			2016	2015
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and office equipment	1,021	1,021	-	-
Computer equipment	39,971	30,895	9,076	6,543
Leasehold improvements	29,960	29,960	-	-
	70,952	61,876	9,076	6,543

## 4 Post-retirement obligation

The Institute has a fixed post-retirement benefit plan for one of its senior management employees. The liabilities accrue annually and will be payable by the Institute upon the employee's retirement. The benefits are based on years of service and annual base salary as determined by the Institute. The unfunded obligation is \$236,379 (2015 - \$205,704) and is included in accounts payable.

# The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2016

---

## 5 Related party transactions

During the year, the Foundation provided the Institute with \$23,126,582 (2015 - \$20,946,485) in research funding. The Institute then distributed \$21,220,121 (2015 - \$19,414,867) of the total funds received to various institutions for cancer research. The remaining funds were invested or used for administrative expenses.

The Foundation provides the Institute with certain administrative support including finance and payroll. The Institute is economically dependent 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.

## 6 Commitments

- a) The Institute has entered into a lease agreement for office premises that require monthly payments of \$4,924 until June 2017 with a further option to renew.
- b) The Institute has committed to funding research projects on behalf of and based upon suitable support from the Foundation, subject to the availability of funds, over the next five years as follows:

	<b>Supported by others \$</b>	<b>Supported by the Foundation \$</b>
2017	428,413	18,087,848
2018	289,862	13,306,341
2019	125,000	7,345,058
2020	125,000	3,413,629
2021	-	1,572,192
	<hr/>	<hr/>
	968,275	43,725,068
	<hr/>	<hr/>

# The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2016

---

## 7 Risk management

### **Credit risk**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Institute deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Institute is not exposed to significant credit risk.

### **Liquidity risk**

Liquidity risk is the risk that the Institute will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Institute manages its liquidity risk by monitoring its operating requirements. The Institute prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2015.