

Financial Statements of

**THE TERRY FOX RESEARCH  
INSTITUTE**

Year ended March 31, 2011



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of The Terry Fox Research Institute

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Terry Fox Research Institute, which comprise the statement of financial position as at March 31, 2011, 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 generally accepted accounting principles, 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 an 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 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 Foundation as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.

**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 generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

*KPMG LLP*

Chartered Accountants

Chilliwack, British Columbia  
August 12, 2011

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Financial Position

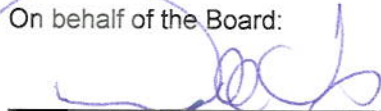
March 31, 2011, with comparative figures for 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash and short-term investment (Note 3)	\$ 631,586	\$ 1,060,383
Accrued interest	1,241	7,336
Other assets	31,636	28,041
	<u>664,463</u>	<u>1,095,760</u>
Equipment (Note 4)	27,999	41,980
	<u>\$ 692,462</u>	<u>\$ 1,137,740</u>

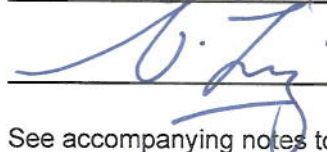
## Liabilities and Net Assets

Current liability:		
Accounts payable and accrued liabilities	\$ 210,679	\$ 484,453
Due to The Terry Fox Foundation (Note 6)	5,223	104,262
Deferred contributions (Note 5)	269,492	306,162
Net assets:		
Invested in equipment	27,999	41,980
Unrestricted	179,069	200,883
	<u>207,068</u>	<u>242,863</u>
Commitments (Note 7)		
	<u>\$ 692,462</u>	<u>\$ 1,137,740</u>

On behalf of the Board:



Director



Director

See accompanying notes to financial statements.

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Operations

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Research Funding:		
The Terry Fox Foundation (Note 6)	\$ 6,090,000	\$ 5,150,000
Canadian Partnership Against Cancer (Note 5)	2,808,883	2,072,777
Donations	86,359	194
Interest income	4,936	25,093
Government student grants	2,306	-
	<u>8,992,484</u>	<u>7,248,064</u>
Cancer research grants provided	<u>7,747,692</u>	<u>6,197,394</u>
	<u>1,244,792</u>	<u>1,050,670</u>
Administrative expenses:		
Amortization	13,981	9,674
Meetings and conferences	81,246	73,851
Occupancy expense	71,642	69,886
Office and miscellaneous	37,513	29,026
Professional fees	54,152	55,057
Program development	453,853	305,833
Promotion	30,695	33,205
Salaries and benefits	537,505	494,252
	<u>1,280,587</u>	<u>1,070,784</u>
Deficiency of revenue over expenses	<u>\$ (35,795)</u>	<u>\$ (20,114)</u>

See accompanying notes to financial statements.

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Changes in Net Assets

Year ended March 31, 2011, with comparative figures for 2010

	Invested in equipment	Unrestricted	Total 2011	Total 2010
Net assets, beginning of year	\$ 41,980	\$ 200,883	\$ 242,863	\$ 262,977
Deficiency of revenue over expenses	(13,981)	(21,814)	(35,795)	(20,114)
Net assets, end of year	\$ 27,999	\$ 179,069	\$ 207,068	\$ 242,863

# THE TERRY FOX RESEARCH INSTITUTE

## Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (35,795)	\$ (20,114)
Item not involving cash:		
Amortization	13,981	9,674
Changes in non-cash operating working capital:		
Accrued interest	6,095	40,995
Other assets	(3,595)	(23,645)
Accounts payable and accrued liabilities	(273,774)	100,360
	(293,088)	107,270
Financing:		
Decrease in due from Canadian Partnership Against Cancer	-	1,000,000
Advances (to) from The Terry Fox Foundation	(99,039)	316,635
Decrease in deferred contributions	(36,670)	(2,072,777)
	(135,709)	(756,142)
Investments:		
Additions to equipment	-	(38,240)
Decrease in cash and short-term investments	(428,797)	(687,112)
Cash and short-term investments, beginning of year	1,060,384	1,747,496
Cash and short-term investments, end of year	\$ 631,587	\$ 1,060,384

See accompanying notes to financial statements.

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2011

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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:

### (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) Financial instruments:

The Institute accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

The financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in net assets.

The Institute has designated the following:

- (i) Cash is classified as held-for-trading, which is measured at market value.
- (ii) Short-term investments are designated as held-to-maturity and are measured at amortized cost. Transaction costs related to short-term investments are included in the initial measurement of the investment and are amortized using the effective interest rate method.



# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2011

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## 1. Significant accounting policies (continued):

### (b) Financial instruments (continued):

(iii) Accrued interest, due from Canadian Partnership Against Cancer, due from The Terry Fox Foundation and other receivables are classified as loans and receivables, which are measured at amortized cost.

(iv) Accounts payable and accrued liabilities and due to The Terry Fox Foundation are classified as other financial liabilities, which are measured at amortized cost.

### (c) Equipment:

Purchased equipment is recorded at cost. Amortization is calculated on a straight-line basis over the useful lives of the assets at the following rates:

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

### (d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### (e) Future changes in accounting standards:

Effective April 1, 2012, the Foundation's current accounting framework will no longer exist. In December 2010 the Canadian Institute of Chartered Accountants ("CICA") in conjunction with the Accounting Standards Board ("AcSB") issued Part III – Accounting Standards for Not-for-Profit Organizations ("Part III") of the CICA Handbook. Part III is effective for fiscal years commencing on or after January 1, 2012 and provides Canadian private sector not-for-profit organizations with a new financial reporting framework. The Foundation has the option to apply International Financial Reporting Standards (IFRS) or the newly approved accounting standards for Not-for-Profit Organizations.

The Foundation has elected to adopt the new accounting standards for not-for-profit organizations effective April 1, 2012.

The Foundation is evaluating the impact of adopting the new accounting standards for not-for-profit organizations; differences on adoption are expected to be minimal.

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2011

## 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. Cash and short-term investment:

	2011	2010
Cash	\$ 124,086	\$ 560,383
Short-term investment	507,500	500,000
	\$ 631,586	\$ 1,060,383

The short-term investment is a guaranteed investment certificate with an interest rate of 0.25% maturing on April 9, 2011 (2010 - interest rate of 1.5% maturing on April 9, 2010). The investment is classified as held-to-maturity.

## 4. Equipment:

	2011		2010	
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 29,960	\$ 8,988	\$ 20,972	\$ 26,964
Computer equipment	23,355	17,044	6,311	14,097
Furniture and office equipment	1,021	305	716	919
	\$ 54,336	\$ 26,337	\$ 27,999	\$ 41,980

# THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2011

## 5. Deferred contributions:

In fiscal 2008, the Institute entered into a long-term collaborative research agreement with the Canadian Partnership Against Cancer ("CPAC"). CPAC is an independent corporation charged with accelerating action on cancer control across Canada and was formed in November of 2006.

The purpose of the agreement is to have CPAC contribute to the funding of a Pan-Canadian Cancer Biomarker initiative of the Institute for a period of five years. CPAC has committed to funding not to exceed \$10 million, with a total of \$7,772,213 provided to-date.

As a result of the specified purpose of the funding, amounts received from CPAC are recorded as deferred contributions until such time as eligible expenditures are made. Transactions under this agreement were as follows:

	2011	2010
Deferred contributions, beginning of year	\$ 306,162	\$ 2,378,939
Funding provided	2,772,213	-
Eligible expenditures:		
Cancer research funding	(2,807,678)	(2,063,701)
Conferences, events and meetings	(1,205)	(9,076)
	(2,808,883)	(2,072,777)
Deferred contributions, end of year	\$ 269,492	\$ 306,162

## 6. Related party transactions:

During the year, The Terry Fox Foundation (the "Foundation") provided the Institute with \$6,090,000 (2010 - \$5,150,000) in research funding. The Institute then distributed \$5,272,651 (2010 - \$4,083,693) 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.

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

Year ended March 31, 2011

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## 7. Commitments:

- (i) The Institute has entered into a lease agreement for office premises that require monthly payments of \$5,649 until June 2012.
- (ii) The Institute has committed to funding research projects under the CPAC agreement and from The Terry Fox Foundation, subject to the availability of funds, over the next five years:

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2012	\$ 9,170,166
2013	6,707,779
2014	3,540,493
2015	1,652,400
2016	445,344
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	\$ 21,516,182

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## 8. Financial instruments:

The carrying values of cash and short-term investments, accrued interest, accounts payable and accrued liabilities and due to The Terry Fox Foundation approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.