

Financial Statements of

**THE TERRY FOX RESEARCH
INSTITUTE**

Year ended March 31, 2008



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AUDITORS' REPORT

To the Board of Directors of The Terry Fox Research Institute

We have audited the statement of financial position of The Terry Fox Research Institute as at March 31, 2008 and the statement of operations and deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Chilliwack, British Columbia
June 16, 2008

THE TERRY FOX RESEARCH INSTITUTE

Statement of Financial Position

March 31, 2008

2008

Assets

Current assets:

Cash and short term investments (Note 2)	\$	3,005,554
Accrued interest		2,404
Other assets		1,251

\$ 3,009,209

Liabilities and Deficiency

Current liabilities:

Accounts payable and accrued liabilities	\$	109,140
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Deferred contributions (Note 3)		2,927,199
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Deficiency		(27,130)
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\$ 3,009,209

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

THE TERRY FOX RESEARCH INSTITUTE

Statement of Operations and Deficiency

Year ended March 31, 2008

	2008
Research Funding:	
The Terry Fox Foundation (Note 5)	\$ 4,009,250
Canadian Partnership Against Cancer (Note 3)	72,801
Interest income	6,473
	<u>4,088,524</u>
Expenses:	
Meetings and conferences	59,321
Professional fees	58,821
Salaries and benefits	16,217
Office and miscellaneous	3,385
	<u>137,744</u>
Excess of revenue over expenses before distributable funds	<u>3,950,780</u>
National Cancer Institute of Canada	3,809,250
Research Nodes	168,660
	<u>3,977,910</u>
Excess of expenses over revenues and net deficiency, end of year	<u>\$ (27,130)</u>

See accompanying notes to financial statements.

THE TERRY FOX RESEARCH INSTITUTE

Statement of Cash Flows

Year ended March 31, 2008

	2008
Cash provided by (used in):	
Operations:	
Excess of expenses over revenues	\$ (27,130)
Changes in non-cash operating working capital:	
Accrued interest	(2,404)
Other assets	(1,251)
Accounts payable and accrued liabilities	109,140
	<u>78,355</u>
Financing:	
Increase in deferred contributions	2,927,199
Increase in cash and short-term investments and cash and short-term investments, end of year	<u>\$ 3,005,554</u>

See accompanying notes to financial statements.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2008

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. The Institute commenced operations on April 1, 2007.

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) Short-term investments:

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.

(c) Financial instruments:

Accrued interest and other receivables are classified as loans and receivables, which are measured at amortized cost.

Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

(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.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2008

2. Cash and short-term investments:

	2008
Cash	\$ 2,005,554
Short-term investment	1,000,000
	<u>\$ 3,005,554</u>

The short-term investment is a guaranteed investment certificate with an interest rate of 3.25% maturing on March 5, 2009. The investment is classified as held to maturity.

3. Deferred contributions:

During the year, 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 \$2 million scheduled to be received in each of fiscal 2009, 2010 and 2011 and \$1 million in fiscal 2012. Funding of \$3 million was received in the current year.

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. During fiscal 2008, transactions under this agreement were as follows:

	2008
Funding received	\$ 3,000,000
Eligible expenditures:	
Conference, events and meetings	(47,801)
Consulting and professional fees	(25,000)
	<u>(72,801)</u>
Deferred contributions, end of year	<u>\$ 2,927,199</u>

As at March 31, 2008, the Institute has committed to funding projects totaling \$2,503,296 under the agreement.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2008

4. Financial instruments:

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

5. Related party transactions:

During the year, the Institute received \$4,009,250 from The Terry Fox Foundation (the "Foundation"). The Institute then distributed \$3,809,250 of the total funds received to the National Cancer Institute of Canada for cancer research. The remaining \$200,000 was funding from the Foundation to assist with start-up costs.

The Institute and Foundation have common directors, officers and management.

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