

Financial Statements of

**THE TERRY FOX RESEARCH
INSTITUTE**

Year ended March 31, 2009



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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, 2009 and the statements of operations, changes in net assets (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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a consistent basis with that of the preceding year.

KPMG LLP

Chartered Accountants

Chilliwack, British Columbia
June 12, 2009

THE TERRY FOX RESEARCH INSTITUTE

Statement of Financial Position

March 31, 2009, with comparative figures for 2008

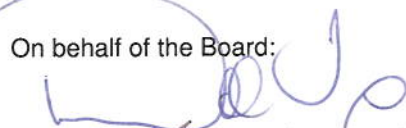
	2009	2008
Assets		
Current assets:		
Cash and short-term investment (Note 3)	\$ 1,747,496	\$ 3,005,554
Accrued interest	48,331	2,404
Due from Canadian Partnership Against Cancer (Note 5)	1,000,000	-
Other assets	4,396	1,251
	<u>2,800,223</u>	<u>3,009,209</u>
Equipment, net of accumulated amortization of \$2,683	13,414	-
Due from The Terry Fox Foundation (Note 7)	212,373	-
	<u>\$ 3,026,010</u>	<u>\$ 3,009,209</u>

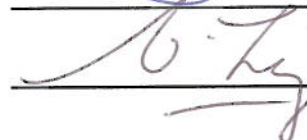
Liabilities and Net Assets (Deficiency)

Current liability:		
Accounts payable and accrued liabilities	\$ 384,094	\$ 109,140
Deferred contributions (Note 5)	2,378,939	2,927,199
Net assets (deficiency):		
Invested in equipment	13,414	-
Unrestricted	249,563	(27,130)
	<u>262,977</u>	<u>(27,130)</u>
	<u>\$ 3,026,010</u>	<u>\$ 3,009,209</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, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Research Funding:		
The Terry Fox Foundation (Note 7)	\$ 3,650,000	\$ 4,009,250
Canadian Partnership Against Cancer (Note 5)	2,548,260	72,801
Interest income	82,232	6,473
Donations	146	-
	<u>6,280,638</u>	<u>4,088,524</u>
Cancer research funding provided	5,350,603	3,977,910
	<u>930,035</u>	<u>110,614</u>
Administrative expenses:		
Amortization	2,683	-
Meetings and conferences	43,276	59,321
Office and miscellaneous	18,069	773
Professional fees	38,616	58,821
Promotion	11,416	2,612
Salaries and benefits	525,868	16,217
	<u>639,928</u>	<u>137,744</u>
Excess (deficiency) of revenue over expenses	\$ 290,107	\$ (27,130)

See accompanying notes to financial statements.

THE TERRY FOX RESEARCH INSTITUTE

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2009, with comparative figures for 2008

	Invested in equipment	Unrestricted	Total 2009	Total 2008
Deficiency, beginning of year	\$ -	\$ (27,130)	\$ (27,130)	\$ -
Excess (deficiency) of revenue over expenses	(2,683)	292,790	290,107	(27,130)
Investment in equipment	16,097	(16,097)	-	-
Net assets (deficiency), end of year	\$ 13,414	\$ 249,563	\$ 262,977	\$ (27,130)

THE TERRY FOX RESEARCH INSTITUTE

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 290,107	\$ (27,130)
Item not involving cash:		
Amortization	2,683	-
Changes in non-cash operating working capital:		
Accrued interest	(45,927)	(2,404)
Other assets	(3,145)	(1,251)
Accounts payable and accrued liabilities	274,954	109,140
	<u>518,672</u>	<u>78,355</u>
Financing:		
Increase in due from Canadian Partnership Against Cancer	(1,000,000)	-
Increase in due from Terry Fox Foundation	(212,373)	-
Increase (decrease) in deferred contributions	(548,260)	2,927,199
	<u>(1,760,633)</u>	<u>2,927,199</u>
Investments:		
Additions to equipment	(16,097)	-
	<u>(16,097)</u>	<u>-</u>
Increase (decrease) in cash and short-term investments	(1,258,058)	3,005,554
Cash and short-term investments, beginning of year	3,005,554	-
Cash and short-term investments, end of year	<u>\$ 1,747,496</u>	<u>\$ 3,005,554</u>

See accompanying notes to financial statements.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2009

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.

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Notes to Financial Statements

Year ended March 31, 2009

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 are classified as other financial liabilities, which are measured at amortized cost.

(c) Equipment:

Purchased equipment is recorded at cost. Equipment consists of computer equipment, which is amortized on a straight-line basis over its estimated useful life of three 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:

(i) The Institute has chosen to continue to apply CICA Handbook Section 3861, "Financial Instruments - Disclosures and Presentation", rather than adopting CICA Handbook Section 3862, "Financial Instruments - Disclosures" and CICA Handbook Section 3863, "Financial Instruments - Presentation" as permitted in these sections for not-for-profit organizations.

(ii) In September 2008, the CICA issued amendments to Handbook Sections 4400, Financial Statement Presentation by Not-for-Profit Organizations and 4470, Disclosure of Allocated Expenses by Not-for-Profit Organizations. The amendments are effective for the Institute's fiscal year commencing April 1, 2009 and remove the requirement to disclose net assets invested in equipment, clarify equipment recognition criteria and amortization, expand interim financial statement requirements to Not-for-Profit Organizations that prepare interim financial statements, require disclosure of allocated fundraising and general support expenses by Not-for-Profit Organizations, and include the requirement to follow Handbook Section 1540, Cash Flow Statements. The Institute does not believe it will have a material impact on its financial statements.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2009

1. Significant accounting policies (continued):

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

- (iii) The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The Institute is currently classified as a Not-for-Profit Organization. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by Not-for-Profit Organizations. In addition, PSAB has issued an Invitation to Comment on the future financial reporting of government organizations. The Institute is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

2. Change in accounting policies:

Effective April 1, 2008, the Institute adopted the CICA Handbook Section 1535, "Capital Disclosures". Under this new standard, the Institute is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the Institute's objectives, policies, and processes for managing capital. It also includes disclosure regarding what the Institute regards as capital, whether the Institute has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements. These discussions have been addressed in Note 4.

3. Cash and short-term investment:

	2009	2008
Cash	\$ 367,496	\$ 2,005,554
Short-term investment	1,380,000	1,000,000
	<u>\$ 1,747,496</u>	<u>\$ 3,005,554</u>

The short-term investment is a guaranteed investment certificate with an interest rate of 3.25% maturing on July 3, 2009. The investment is classified as held-to-maturity.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2009

4. Capital management:

The Institute receives the majority of capital funds from the Terry Fox Foundation and Canadian Partnership Against Cancer. 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 and to provide further funding if necessary.

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 \$5 million provided in 2008 and 2009 and \$2 million scheduled to be provided in each of fiscal 2010 and 2011 and \$1 million in fiscal 2012.

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:

	2009	2008
Deferred contributions, beginning of year	\$ 2,927,199	\$ -
Funding provided	2,000,000	3,000,000
Eligible expenditures:		
Cancer research funding	(2,546,385)	(25,000)
Conferences, events and meetings	(1,875)	(47,801)
	(2,548,260)	(72,801)
Deferred contributions, end of year	\$ 2,378,939	\$ 2,927,199

Included in current assets and deferred contributions is \$1,000,000 in funding for fiscal 2009 received subsequent to the year end.

THE TERRY FOX RESEARCH INSTITUTE

Notes to Financial Statements

Year ended March 31, 2009

6. 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.

7. Related party transactions:

During the year, The Terry Fox Foundation (the "Foundation") provided the Institute with \$3,650,000 (2008 - \$4,009,250) in research funding. The Institute then distributed \$2,829,218 (2008 - \$3,927,910) of the total funds received to various institutes for cancer research. The remaining funds were invested or used for administrative expenses.

Of the funding provided, \$212,373 (2008 - nil) is receivable from the Foundation.

The Institute and the Foundation have common directors, 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.

8. Commitments:

As at March 31, 2009, the Institute has committed to funding research projects totaling \$9,120,904 (2008 - \$2,503,296) under the CPAC agreement and from other funding sources on the basis all of the funds are provided by CPAC and The Terry Fox Foundation.

9. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform with the financial presentation adopted in the current year.