

# **The Terry Fox Research Institute**

Financial Statements  
**March 31, 2019**



## *Independent auditor's report*

To the Board of Directors of The Terry Fox Research Institute

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Terry Fox Research Institute (the Institute) as at March 31, 2019 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.

#### **What we have audited**

The Institute's financial statements comprise:

- the statement of financial position as at March 31, 2019;
  - the statement of operations for the year then ended;
  - the statement of changes in net assets for the year then ended;
  - the statement of cash flows for the year then ended; and
  - the notes to the financial statements, which include a summary of significant accounting policies.
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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Responsibilities of management and those charged with governance for the financial statements*

Management is responsible for the preparation and fair presentation of the 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.

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In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
August 19, 2019

**The Terry Fox Research Institute**  
**Statement of Financial Position**  
**As at March 31, 2019**

	2019 \$	2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	808,018	324,050
Accounts receivable and other assets	9,566	12,572
Due from The Terry Fox Foundation (note 7)	-	63,691
	<u>817,584</u>	<u>400,313</u>
<b>Capital assets</b> (note 4)	<u>29,659</u>	<u>1,153</u>
	<u>847,243</u>	<u>401,466</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	234,423	93,848
Deferred revenue	201,372	-
	<u>435,795</u>	<u>93,848</u>
<b>Pension obligation</b> (note 5)	<u>340,396</u>	<u>303,729</u>
	<u>776,191</u>	<u>397,577</u>
<b>Net Assets</b>		
<b>Invested in capital assets</b>	29,659	1,153
<b>Unrestricted</b>	<u>41,393</u>	<u>2,736</u>
	<u>71,052</u>	<u>3,889</u>
	<u>847,243</u>	<u>401,466</u>
<b>Economic dependence</b> (note 2)		
<b>Commitments</b> (note 8)		

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, 2019

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	2019 \$	2018 \$
<b>Revenue</b>		
Research funding		
The Terry Fox Foundation (note 7)	28,132,913	23,136,274
Other research funding	257,290	271,144
Other income	1,949	124,151
	<hr/> 28,392,152	<hr/> 23,531,569
<b>Research expenses</b>		
Translational cancer research programs	6,330,651	5,740,535
Cancer centres pilots	1,912,782	6,146
Discovery programs		
Program project grants	16,545,454	14,156,095
New investigator awards	1,328,337	1,487,827
Research training	515,000	313,500
Program development and delivery costs	196,644	387,061
	<hr/> 26,828,868	<hr/> 22,091,164
<b>Administrative expenses</b> (note 6)	1,496,121	1,521,532
	<hr/> 28,324,989	<hr/> 23,612,696
<b>Excess (deficiency) of revenue over expenses</b>	<hr/> 67,163	<hr/> (81,127)

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, 2019

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	Invested in capital assets \$	Unrestricted \$	Total \$
<b>Balance – March 31, 2018</b>	1,153	2,736	3,889
Excess (deficiency) of revenue over expenses	(6,348)	73,511	67,163
Investment in capital assets	34,854	(34,854)	-
<b>Balance – March 31, 2019</b>	<u>29,659</u>	<u>41,393</u>	<u>71,052</u>

	Invested in capital assets \$	Unrestricted \$	Total \$
<b>Balance – March 31, 2017</b>	4,306	80,710	85,016
Deficiency of revenue over expenses	(3,153)	(77,974)	(81,127)
<b>Balance – March 31, 2018</b>	<u>1,153</u>	<u>2,736</u>	<u>3,889</u>

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, 2019

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	2019 \$	2018 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	67,163	(81,127)
Item not affecting cash – amortization	6,348	3,153
	<hr/>	<hr/>
	73,511	(77,974)
Changes in non-cash operating working capital		
Accounts receivable and other assets	3,006	43,906
Due from The Terry Fox Foundation	63,691	505,800
Accounts payable and accrued liabilities	140,575	12,879
Deferred revenue	201,372	-
Grants payable	-	(322,711)
	<hr/>	<hr/>
	482,155	161,900
<b>Investing activities</b>		
Purchase of capital assets	(34,854)	-
<b>Financing activities</b>		
Increase in plan liability	36,667	34,574
	<hr/>	<hr/>
<b>Increase in cash</b>	483,968	196,474
<b>Cash – Beginning of year</b>	324,050	127,576
	<hr/>	<hr/>
<b>Cash – End of year</b>	808,018	324,050
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The accompanying notes are an integral part of these financial statements.



# The Terry Fox Research Institute

## Notes to Financial Statements

March 31, 2019

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### 1 General

The Terry Fox Research Institute (the Institute) is a registered charity and was incorporated by letters patent on March 14, 2007 to promote, advance and fund scientific research into the diagnosis, treatment and prevention of cancer. The Institute's mission is to provide grants to groups of researchers working toward a common goal based on excellence and the potential for impact.

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 many common purposes and mutual interests. Certain services are shared between the Institute and the Foundation in order to reduce costs and increase efficiencies.

### 2 Economic dependence

The Institute is economically dependent on the Foundation for future research and operating funding, as the Foundation provides significant funding to the Institute.

### 3 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 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 (for translational and discovery projects, research centres and training) 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 such as the scientific review process, research forums, advisory committees and linkage with researchers.

# The Terry Fox Research Institute

## Notes to Financial Statements

March 31, 2019

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The Institute recognizes a research grant expense when an approved research recipient has complied with the conditions of a research grant or collaborative research agreement and the Institute has approved payment of the research grant expense.

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

### 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.

### Capital assets

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

Leasehold improvements	5 years
Computer equipment	3 years
Computer software	5 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.

## 4 Capital assets

	2019		2018	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	65,619	44,245	21,374	1,153
Computer software	9,206	921	8,285	-
	74,825	45,166	29,659	1,153

# The Terry Fox Research Institute

## Notes to Financial Statements

March 31, 2019

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### 5 Pension obligation

The Institute has a defined contribution supplemental pension arrangement 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 obligation is \$340,396 (2018 – \$303,729).

### 6 Administrative expenses

	2019	2018
	\$	\$
Amortization	6,348	3,153
General office	26,491	30,453
Governance	16,361	16,159
Legal and professional	5,125	4,907
Office space	59,203	59,083
Partnerships	872	6,565
Program development	345	21,131
Research communications	108,732	188,111
Research support services	113,498	68,096
Salaries and benefits	1,089,991	1,052,175
Staff travel	69,155	71,699
	<hr/>	<hr/>
	1,496,121	1,521,532

### 7 Related party transactions

During the year, the Foundation provided the Institute with \$28,334,082 (2018 – \$23,136,274) in research funding. The Institute then distributed \$26,807,962 (2018 – \$21,366,797) of the total funds received to various institutions for cancer research. The remaining funds were used for administrative expenses.

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

- a) The Institute has entered into a lease agreement for office premises that requires monthly base rent payments of \$4,924 until June 2019, with an option to renew. Subsequent to year-end, this lease agreement has now been extended until June 2020, with a further option to renew.

# The Terry Fox Research Institute

## Notes to Financial Statements

March 31, 2019

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- 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:

	Cancer research programs \$	Program project grants \$	New investigator awards \$	Cancer centre pilots \$	Research training \$	Total supported by the Foundation \$	Supported by others \$
2020	4,599,452	12,116,899	1,561,130	1,592,754	187,500	20,057,735	125,000
2021	3,761,482	9,386,200	850,054	500,000	-	14,497,736	-
2022	1,446,308	6,356,494	339,147	-	-	8,141,949	-
2023	1,329,390	3,003,108	-	-	-	4,332,498	-
2024	-	536,189	-	-	-	536,189	-
	<u>11,136,632</u>	<u>31,398,890</u>	<u>2,750,331</u>	<u>2,092,754</u>	<u>187,500</u>	<u>47,566,107</u>	<u>125,000</u>

## 9 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 2018.