

The Terry Fox Research Institute

Financial Statements

March 31, 2021



Independent auditor's report

To the Board of Directors of The Terry Fox Research Institute

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, 2021 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, 2021;
- 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 significant accounting policies and other explanatory information.

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.

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.

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
September 16, 2021

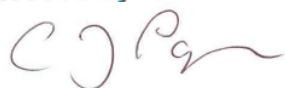
The Terry Fox Research Institute

Statement of Financial Position

As at March 31, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash	14,661,521	560,145
Accounts receivable and other assets (note 8)	813,285	12,533
	<u>15,474,806</u>	<u>572,678</u>
Capital assets (note 4)	77,496	24,588
	<u>15,552,302</u>	<u>597,266</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,474,269	113,872
Deferred contributions (note 5)	13,058,501	-
	<u>14,532,770</u>	<u>113,872</u>
Pension obligation (note 6)	410,323	377,315
	<u>14,943,093</u>	<u>491,187</u>
Net Assets		
Invested in capital assets	77,496	24,588
Unrestricted	531,713	81,491
	<u>609,209</u>	<u>106,079</u>
	<u>15,552,302</u>	<u>597,266</u>
Economic dependence (note 2)		
Commitments (note 9)		
COVID-19 impacts (note 11)		

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, 2021

	2021 \$	2020 \$
Revenue		
The Terry Fox Foundation contributions (note 8)	13,587,043	23,767,381
Recognition of deferred contributions (note 5)	938,006	-
Other research funding	189,869	87,637
Other income	1,305	161
	<hr/> 14,716,223	<hr/> 23,855,179
Research expenses		
TFRI Programs		
Translational cancer research programs	2,834,601	4,745,899
Cancer centres pilots	1,043,305	1,972,786
Discovery programs		
Program project grants	6,918,816	13,411,749
New investigator awards	1,286,422	1,596,846
Research training	-	150,000
Program development and delivery costs	29,401	318,553
Marathon of Hope Cancer Centres Network	33,937	-
Digital Health Discovery Platform	904,069	-
	<hr/> 13,050,551	<hr/> 22,195,833
Administrative expenses (note 7)	<hr/> 1,162,542	<hr/> 1,624,319
	<hr/> 14,213,093	<hr/> 23,820,152
Excess of revenue over expenses	<hr/> <hr/> 503,130	<hr/> <hr/> 35,027

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, 2021

	Invested in capital assets \$	Unrestricted \$	Total \$
Balance – March 31, 2020	24,588	81,491	106,079
Excess (deficiency) of revenue over expenses	(20,336)	523,466	503,130
Investment in capital assets	73,244	(73,244)	-
Balance – March 31, 2021	<u>77,496</u>	<u>531,713</u>	<u>609,209</u>

	Invested in capital assets \$	Unrestricted \$	Total \$
Balance – March 31, 2019	29,659	41,393	71,052
Excess (deficiency) of revenue over expenses	(11,151)	46,178	35,027
Investment in capital assets	6,080	(6,080)	-
Balance – March 31, 2020	<u>24,588</u>	<u>81,491</u>	<u>106,079</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, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	503,130	35,027
Item not affecting cash – amortization	20,336	11,151
	<hr/>	<hr/>
	523,466	46,178
Changes in non-cash operating working capital		
Accounts receivable and other assets	(800,751)	(2,968)
Accounts payable and accrued liabilities	1,360,398	(120,551)
Deferred contributions	13,058,501	(201,372)
	<hr/>	<hr/>
	14,141,614	(278,713)
Investing activities		
Purchase of capital assets	(73,245)	(6,079)
Financing activities		
Increase to pension obligation	33,007	36,919
	<hr/>	<hr/>
Increase (decrease) in cash	14,101,376	(247,873)
Cash – Beginning of year	560,145	808,018
	<hr/>	<hr/>
Cash – End of year	14,661,521	560,145
	<hr/>	<hr/>

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

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2021

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 cancer-related goal. The Institute also undertakes targeted programs supported by the Terry Fox Foundation and other external funders.

The Institute is a registered charitable organization under the Income Tax Act and, accordingly, is exempt from income taxes.

The Terry Fox Foundation (the Foundation), a party related to the Institute with common members, raises funds for cancer research. Funds raised are provided to the Institute for allocation to cancer research chosen based upon excellence and the potential for impact. 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 to reduce costs and increase efficiencies.

During the year, the Institute was successful in receiving two major federal government contributions toward the Marathon of Hope Cancer Centres Network (the MOHCCN) and the Digital Health and Discovery Platform (the DHDP) projects (note 5).

The MOHCCN is a \$300,000,000 five-year, pan-Canadian collaborative project that brings together the top cancer research centres across Canada to create a national network of collaborating cancer centres to accelerate precision medicine cancer research. The project will produce, link and share data on 15,000 fully sequenced cancer cases to be used by leading Canadian cancer researchers and data scientists to propel discoveries and impact patient care in Canada. Under the agreement, Health Canada will contribute up to \$150,000,000 over the term provided that other funds are secured to match that contribution. The initial advance funding of \$12,825,945 was received in March 2021. The agreement currently ends in March 2025.

The DHDP is an Institute-lead \$137,200,000 five-year, pan-Canadian, public private partnership project that brings together numerous public health institutions, not-for-profits, foundations, charities and several private sector partners to create a state-of-the-art digital health and discovery platform. Under the agreement, Innovation, Science and Economic Development Canada (ISED) will contribute up to \$49,000,000 over the term towards the total project costs provided that other partner funds are secured for the remainder of the project costs. During the year, the Institute received an initial \$1,070,562 from ISED towards the project. The project is scheduled to complete March 2024.

2 Economic dependence

The Foundation provides significant funding to the Institute and the Institute remains economically dependent on the Foundation for significant future research commitments and operating funding. The Institute is also economically dependent on continued financial support from Health Canada and ISED who provide significant funding to the multi-year MOHCCN and DHDP projects.

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2021

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 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 and projects. Research funding (for translational and discovery projects, cancer centres, training and other projects) 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 and projects includes activities such as the scientific review processes, annual funding competitions, research forums, advisory committees, linkages with researchers, partnering and other project management services.

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 project management and operating expenses are recognized on the accrual basis of accounting.

Government assistance

The Institute recognizes government assistance where there is a reasonable assurance that the Institute has met the requirements of the assistance program, and that it will be received. The Institute recognizes government assistance as a reduction to the related expense that the assistance is intended to offset.

Cash

Cash consists of short-term, highly liquid investments that are subject to insignificant changes in fair value, including cash on hand and deposits with financial institutions that can be withdrawn without prior notice. Cash is carried at cost, which approximates its fair value due to its short-term nature.

The Terry Fox Research Institute

Notes to Financial Statements

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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:

Computer equipment	3 years
Computer software	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

			2021	2020
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	78,888	57,066	21,822	18,143
Computer software	65,952	10,278	55,674	6,445
	144,840	67,344	77,496	24,588

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5 Deferred contributions

Deferred contributions represent unspent grants or contract resources restricted for specific purposes and projects and include expenses for operating as well as capital purposes.

Deferred contributions relating to expenses of future periods:

	Balance – Beginning of year \$	Contributions and donations received \$	Amounts recognized as revenue \$	Balance – March 31, 2021 \$	Balance March 31, 2020 \$
Marathon of Hope Cancer Centres Network					
Health Canada	-	12,825,945	33,937	12,792,008	-
David & Dorothy Lam Foundation	-	100,000	-	100,000	-
Digital Health Discovery Platform					-
Industry Science & Economic Development	-	1,070,562	904,069	166,493	-
	-	13,996,507	938,006	13,058,501	-

6 Pension obligation

The Institute has an unfunded defined contribution pension arrangement for one of its senior management employees, who is not part of the Institute's funded pension plan. 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 \$410,323 (2020 – \$377,315).

7 Administrative expenses

	2021 \$	2020 \$
Communications	8,960	109,586
Compensation	904,391	1,096,076
Office space	59,083	59,083
Other Admin	54,669	68,740
Professional Fees	135,439	192,125
Travel	-	98,709
	1,162,542	1,624,319

The Terry Fox Research Institute

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8 Related party transactions

During the year, the Foundation provided the Institute with \$13,587,043 (2020 – \$23,767,381) in research funding. The Institute then distributed \$12,083,145 (2020 – \$21,877,280) of the total funds received to various institutions and partners for cancer research. The remaining funds were used for administrative expenses. As at year-end, the Foundation owed the Institute \$786,813 (2020 – \$nil), which is included in accounts receivable.

The Foundation provides the Institute with certain administrative support including finance and payroll. These services have been provided on a no charge basis.

9 Commitments

- The Institute has entered into a lease agreement for office premises that requires monthly base rent payments of \$4,924 until June 2021, with an option to renew. Subsequent to year-end, this lease agreement was extended for one additional year.
- The Institute has committed to funding research projects over the next five years. The commitments are subject to the availability of funds and may require additional amendment as a result of the impact to donations from COVID-19 (note 11). Any funding gap will be deferred into future years upon more certainty of COVID-19 impacts.

	Cancer research programs \$	Program project grants \$	New investigator awards \$	Cancer centre pilots \$	Research training \$	Total supported by the Terry Fox Foundation \$	Supported by other sources \$
2022	1,764,747	9,659,752	762,406	1,500,000	-	13,686,905	100,000
2023	1,266,429	8,147,138	308,958	737,500	-	10,460,025	100,000
2024	977,455	7,442,933	-	-	-	8,420,388	100,000
2025	410,655	5,372,048	-	-	-	5,782,703	100,000
2026	-	3,934,017	-	-	-	3,934,017	25,000
2027	-	2,553,646	-	-	-	2,553,646	-
2028	-	-	-	-	-	-	-
	<u>4,419,286</u>	<u>37,109,534</u>	<u>1,071,364</u>	<u>2,237,500</u>	<u>-</u>	<u>44,837,684</u>	<u>425,000</u>

As at year-end, there were no outstanding award commitments related to the Marathon of Hope Cancer Centres Network or the Digital Health and Discovery Platform projects.

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Notes to Financial Statements

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10 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 government and other 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. Due to the uncertainty of COVID-19 impacts, these risk exposures were heightened during 2021.

11 COVID-19 impacts

In March 2020, the World Health Organization declared a global pandemic related to the coronavirus disease known as COVID-19. The impacts to the economy have been far reaching. The Canadian not-for-profit sector was impacted by significant reductions in economic activity and the related uncertainty. This generally translated into decreased contributions and donations to the Foundation and therefore to a reduction in funding from the Foundation for the Institute's core research programs. To manage this revenue reduction, the Institute worked with research partners to extend many awards and defer some committed grant payments to future years. During the year, the Institute received wage subsidies from the federal government of \$234,982. In the short term, the research contributions from the Foundation are expected to rise in the 2021/22 fiscal year, but not yet be back up to pre-pandemic levels. In the longer term, the Institute will continue to work closely with the Foundation and continue to monitor COVID-19 impacts to the Institute's research commitments.