

The Terry Fox Research Institute

Financial Statements

March 31, 2022



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, 2022 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, 2022;
- 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

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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.

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

Surrey, British Columbia
June 30, 2022

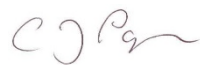
The Terry Fox Research Institute

Statement of Financial Position

As at March 31, 2022

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash | 5,873,487 | 14,661,521 |
| Accounts receivable and other assets (note 8) | 4,169,660 | 813,285 |
| | <u>10,043,147</u> | <u>15,474,806</u> |
| Capital assets (note 4) | 77,135 | 77,496 |
| | <u>10,120,282</u> | <u>15,552,302</u> |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities (note 8) | 4,848,075 | 1,474,269 |
| Deferred contributions (note 5) | 4,159,269 | 13,058,501 |
| Pension payable (note 6) | 307,847 | - |
| | <u>9,315,191</u> | <u>14,532,770</u> |
| Pension obligation (note 6) | - | 410,323 |
| | <u>9,315,191</u> | <u>14,943,093</u> |
| Net Assets | | |
| Invested in capital assets | 77,135 | 77,496 |
| Unrestricted | 727,956 | 531,713 |
| | <u>805,091</u> | <u>609,209</u> |
| | <u>10,120,282</u> | <u>15,552,302</u> |
| Economic dependence (note 2) | | |
| Commitments (note 9) | | |

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, 2022

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Revenue | | |
| The Terry Fox Foundation contributions (note 8) | 15,669,487 | 13,587,043 |
| Recognition of deferred contributions (note 5) | 15,919,508 | 938,006 |
| Other research funding | 100,000 | 189,869 |
| Other income | 90,240 | 1,305 |
| | <u>31,779,235</u> | <u>14,716,223</u> |
| Research expenses | | |
| TFRI Programs | | |
| Translational cancer research programs | 1,975,108 | 2,834,601 |
| Cancer centres pilots | 1,392,299 | 1,043,305 |
| Discovery programs | | |
| Program project grants | 9,680,008 | 6,918,816 |
| New investigator awards | 934,519 | 1,286,422 |
| Research other | 194,975 | - |
| Program delivery costs | 174,564 | 166,139 |
| Marathon of Hope Cancer Centres Network | | |
| Building the cohort | 13,437,480 | - |
| Patient and health benefits | 150,000 | - |
| Network operations | 475,830 | 33,937 |
| Digital Health and Discovery Platform | | |
| Platform development | 1,307,762 | 823,804 |
| Network operations | 631,819 | 80,265 |
| | <u>30,354,364</u> | <u>13,187,289</u> |
| Administrative expenses (note 7) | <u>1,228,989</u> | <u>1,025,804</u> |
| | <u>31,583,353</u> | <u>14,213,093</u> |
| Excess of revenue over expenses | <u>195,882</u> | <u>503,130</u> |

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, 2022

| | Invested in capital assets \$ | Unrestricted \$ | Total \$ |
|--|--|--------------------|-------------|
| Balance – March 31, 2021 | 77,496 | 531,713 | 609,209 |
| Excess (deficiency) of revenue over expenses | (29,312) | 225,194 | 195,882 |
| Investment in capital assets | 28,951 | (28,951) | - |
| | <hr/> | <hr/> | <hr/> |
| Balance – March 31, 2022 | 77,135 | 727,956 | 805,091 |

| | 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) | - |
| | <hr/> | <hr/> | <hr/> |
| Balance – March 31, 2021 | 77,496 | 531,713 | 609,209 |

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, 2022

| | 2022 \$ | 2021 \$ |
|---|-------------|------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenue over expenses | 195,882 | 503,130 |
| Item not affecting cash – amortization | 29,313 | 20,336 |
| | <hr/> | <hr/> |
| | 225,195 | 523,466 |
| Changes in non-cash operating working capital | | |
| Accounts receivable and other assets | (3,356,375) | (800,751) |
| Accounts payable and accrued liabilities | 3,373,805 | 1,360,398 |
| Deferred contributions | (8,899,232) | 13,058,501 |
| | <hr/> | <hr/> |
| | (8,656,607) | 14,141,614 |
| Investing activities | | |
| Purchase of capital assets | (28,951) | (73,245) |
| Financing activities | | |
| Increase (decrease) to pension obligation | (102,476) | 33,007 |
| | <hr/> | <hr/> |
| Increase (decrease) in cash | (8,788,034) | 14,101,376 |
| Cash – Beginning of year | 14,661,521 | 560,145 |
| | <hr/> | <hr/> |
| Cash – End of year | 5,873,487 | 14,661,521 |
| | <hr/> | <hr/> |

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

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2022

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 were shared between the Institute and the Foundation to reduce costs and increase efficiencies.

The institute has signed 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 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. 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, 2022

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 expenses include research funding and the costs of managing research programs and networks. TFRI research expenses (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. MOHCCN research expenses consist of grants to leading Canadian cancer research centres and other related projects with the aim of building and sharing a 15,000 cancer case data set. DHDP research expenses consist of grants that focus on building a shareable data platform driven by artificial intelligence, leading to novel research discoveries. Managing research programs and networks includes activities such as the scientific review processes, annual funding competitions, research forums, advisory committees, linkages with researchers, partnering and other project management salaries and contracted 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.

Allocation of expenses

The Institute allocates a portion of its administrative expenses by identifying the appropriate allocation basis and applying that basis consistently each year. Administrative salaries are allocated on the basis of hours incurred related to each project.

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2022

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.

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.

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2022

4 Capital assets

| | | | 2022 | 2021 |
|--------------------|------------|-----------------------------------|-----------|-----------|
| | Cost \$ | Accumulated amortization \$ | Net \$ | Net \$ |
| Computer equipment | 107,839 | 73,188 | 34,651 | 21,822 |
| Computer software | 65,952 | 23,468 | 42,484 | 55,674 |
| | 173,791 | 96,656 | 77,135 | 77,496 |

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, 2022 \$ | Balance March 31, 2021 \$ |
|--|---|---|---|--------------------------------------|------------------------------------|
| Marathon of Hope Cancer Centres Network | | | | | |
| Health Canada David & Dorothy Lam Foundation | 12,792,008 | 4,766,832 | 13,999,571 | 3,559,269 | 12,792,008 |
| The Terry Fox Foundation | 100,000 | - | - | 100,000 | 100,000 |
| Digital Health and Discovery Platform Innovation, Science and Economic Development Canada The Terry Fox Foundation | - | 400,000 | - | 400,000 | - |
| | 166,493 | 1,753,444 | 1,919,937 | - | 166,493 |
| | - | 100,000 | - | 100,000 | - |
| | 13,058,501 | 7,020,276 | 15,919,508 | 4,159,269 | 13,058,501 |

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2022

6 Pension obligation

The Institute has an unfunded defined contribution pension arrangement for one of its former senior management staff, who is not part of the Institute's funded pension plan. The benefits are based on years of service and annual base salary as determined by the Institute. During the year, this senior manager retired, and began to draw down on senior management staff pension benefits. The liabilities are payable by the Institute based on an agreement, with the senior manager having monthly payments with a payout of the remaining balance on March 1, 2023. The balance of the obligation is \$307,847 (2021 – \$410,323) and is fully payable in fiscal year 2023.

7 Administrative expenses

| | 2022 | 2021 |
|-------------------|------------------|------------------|
| | \$ | \$ |
| Communications | 63,275 | 8,960 |
| Compensation | 874,001 | 767,653 |
| Office space | 59,083 | 59,083 |
| Other Admin | 82,046 | 54,669 |
| Professional Fees | 150,584 | 135,439 |
| | <u>1,228,989</u> | <u>1,025,804</u> |

Administrative expenses are net of costs allocated to Research Expenses as Program delivery costs or Network operations. During the year, administrative compensation costs of \$117,061 (2021 – \$nil) have been allocated to the Marathon of Hope Cancer Centres Network and the Digital Health and Discovery Platform through Network operations.

8 Related party transactions

During the year, the Foundation provided the Institute with \$16,169,487 (2021 – \$13,587,043) in research funding, which included restricted funding of \$500,000 (2021 – \$nil) towards future expenses under the MOHCCN and DHDP projects. The Institute then distributed \$14,176,910 (2021 – \$12,083,145) of the total funds received to various institutions and partners for cancer research. As at year-end, the Institute owed the Foundation \$308,876 related to the provision of payroll services, which is included in accounts payable. In 2021, the Foundation owed the Institute \$786,813 related to the balance of fiscal year funding.

The Terry Fox Research Institute

Notes to Financial Statements

March 31, 2022

9 Commitments

- The Institute has entered into a lease agreement for office premises that requires monthly base rent payments of \$4,804 until June 2022, 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, including any applicable holdbacks, are subject to the availability of funds.

| | Cancer research programs \$ | Program project grants \$ | New investigator awards \$ | Cancer centre pilots \$ | Marathon of Hope Cancer Centres Network \$ | Total commitments \$ |
|------|--|--|---|--|---|-------------------------------------|
| 2023 | 1,378,719 | 7,564,036 | 908,958 | 750,003 | 1,948,368 | 12,550,084 |
| 2024 | 977,244 | 7,548,963 | 600,000 | - | 95,864 | 9,222,071 |
| 2025 | 410,660 | 5,074,625 | 450,000 | - | - | 5,935,285 |
| 2026 | - | 3,595,600 | - | - | - | 3,595,600 |
| 2027 | - | 2,559,980 | - | - | - | 2,559,980 |
| | <u>2,766,623</u> | <u>26,343,204</u> | <u>1,958,958</u> | <u>750,003</u> | <u>2,044,232</u> | <u>33,863,020</u> |

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.