



Financial Statements

Lymphoma Foundation Canada

December 31, 2018

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statements of Revenue and Expenses and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9
Schedule 1 - Schedule of Detailed Expenses	10

Independent Auditor's Report

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To the Directors of
Lymphoma Foundation Canada

Qualified opinion

We have audited the financial statements of Lymphoma Foundation Canada, which comprise the statement of financial position as at December 31, 2018, and the statements of revenue and expenses and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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 (ASNPO).

Basis for qualified opinion

In common with many charitable organizations, the Foundation derives revenue from contributions from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenses, and cash flows for the years ended December 31, 2018 and 2017, current assets at December 31, 2018 and 2017, and net assets as at January 1, 2018 and 2017 and December 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 ASNPO, 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.

Independent Auditor's Report

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Mississauga, Canada
June 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

Lymphoma Foundation Canada

Statement of Financial Position

December 31

2018

2017

Assets

Current

Cash	\$ -	\$ 36,923
Short-term investments (Note 3)	226,329	397,931
Amounts receivable	46,953	853
Sales tax recoverable	29,339	62,009
Inventory	4,200	18,000
Prepaid expenses	41,769	163,602

Total current 348,590 679,318

Capital assets (Note 4) 65,700 100,091

Total assets \$ 414,290 \$ 779,409

Liabilities

Current

Bank indebtedness	\$ 17,826	\$ -
Accounts payable and accrued liabilities	88,626	152,864
Deferred revenue (Note 5)	-	180,000

Total liabilities 106,452 332,864

Net assets - unrestricted 307,838 446,545

Total liabilities and net assets \$ 414,290 \$ 779,409

On behalf of the board



Director



Director

Lymphoma Foundation Canada

Statements of Revenue and Expenses and Changes in Net Assets

Year ended December 31	2018	2017
Revenue		
Contributions and fundraising	\$ 975,191	\$ 1,084,831
Educational grants from corporations	477,600	400,495
Government grant	42,001	-
Interest and miscellaneous	<u>4,772</u>	<u>2,300</u>
	<u>1,499,564</u>	<u>1,487,626</u>
Expenses		
Operations (Schedule 1)	623,250	476,951
Fundraising (Schedule 1)	518,800	529,307
HCP & patient education (Schedule 1)	343,437	448,431
Patient support (Schedule 1)	104,034	134,685
Research (Note 7)	<u>48,750</u>	<u>75,000</u>
	<u>1,638,271</u>	<u>1,664,374</u>
Deficiency of revenue over expenses	<u>\$ (138,707)</u>	<u>\$ (176,748)</u>
<hr/>		
Net assets, beginning of year	\$ 446,545	\$ 623,293
Deficiency of revenue over expenses	<u>(138,707)</u>	<u>(176,748)</u>
Net assets, end of year	<u>\$ 307,838</u>	<u>\$ 446,545</u>

Lymphoma Foundation Canada

Statement of Cash Flows

Year ended December 31

2018

2017

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (138,707)	\$ (176,748)
Item not affecting cash		
Amortization	<u>34,391</u>	<u>7,398</u>
	(104,316)	(169,350)
Change in non-cash working capital items		
Amounts receivable	(46,100)	2,506
Sales tax recoverable	32,670	(29,513)
Inventory	13,800	(18,000)
Prepaid expenses	121,833	(148,683)
Accounts payable and accrued liabilities	(64,238)	101,129
Deferred revenue	<u>(180,000)</u>	<u>119,500</u>
	(226,351)	(142,411)

Investing

Purchase of capital assets	-	(83,980)
Purchase of short-term investments	(3,398)	(200,000)
Proceeds from short-term investments	<u>175,000</u>	<u>175,000</u>
	171,602	(108,980)

Decrease in cash (bank indebtedness) **(54,749)** (251,391)

Cash (bank indebtedness)

Beginning of year	<u>36,923</u>	<u>288,314</u>
End of year	\$ (17,826)	\$ 36,923

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2018

1. Nature of operations

Lymphoma Foundation Canada (the "Foundation") was incorporated without share capital on February 6, 1998, by Letters Patent under the Canadian Corporations Act and continued under the Canada Not-for-profit Corporations Act on October 17, 2013. The Foundation is a registered charity under the Income Tax Act. The Foundation's mission is to advance knowledge, raise awareness, and support research in relation to the subject of lymphoma.

2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies used are as follows:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Unrestricted contributions are recognized when received or receivable and collectability is reasonably assured. Revenue from fundraising and educational sales and events and interest income are recognized as earned. Designated contributions and grants are recognized as revenue in the year in which the related expenses are incurred.

Capital assets

Capital assets are recorded at cost and are being amortized over the estimated useful life. The annual amortization rates and methods are as follows:

Furniture and fixtures	5 years Straight-line
Leasehold improvements	5 years Straight-line
Computer equipment	45% Declining balance
Website software and applications	3 years Straight-line

Donated gifts and services

Donated services are not recognized in these financial statements due to the difficulty in determining their fair value. Donated gifts were received during the year but are not recognized in the financial statements.

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Foundation's financial instruments consists of cash, short-term investments, amounts receivable, sales tax recoverable and accounts payable.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost.

Allocation of expenses

Certain employees perform a combination of program activities and operations. As a result, the Foundation allocates salary expenses based on time dedicated to each activity. Expense allocations are applied on a consistent basis from year to year.

3. Short-term investments

Short-term investments consist of Guaranteed Investment Certificates bearing interest between prime less 2.6% and 2.7%, maturing January, May and December 2019.

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Furniture and fixtures	\$ 18,093	\$ 11,867	\$ 6,226	\$ 9,845
Leasehold improvements	9,887	6,921	2,966	4,943
Computer equipment	15,188	13,493	1,695	3,083
Website software and applications	<u>122,070</u>	<u>67,257</u>	<u>54,813</u>	<u>82,220</u>
	<u>\$ 165,238</u>	<u>\$ 99,538</u>	<u>\$ 65,700</u>	<u>\$ 100,091</u>

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2018

5. Deferred revenue

Deferred revenue includes designated contributions to be recognized as revenue in the accounts when disbursed.

	<u>2018</u>	<u>2017</u>
Deferred revenue, beginning of year	\$ 180,000	\$ 60,500
Amounts received during the year	-	180,000
Amounts recognized as revenue during the year	<u>(180,000)</u>	<u>(60,500)</u>
Deferred revenue, end of year	<u>\$ -</u>	<u>\$ 180,000</u>

6. Allocation of expenses

During 2018, \$584,644 (2017 - \$589,311) in salary expenses were allocated as follows:

	<u>2018</u>	<u>2017</u>
Operations	\$ 341,936	\$ 258,234
HCP & patient education	166,507	251,656
Patient support	<u>76,201</u>	<u>79,421</u>
	<u>\$ 584,644</u>	<u>\$ 589,311</u>

7. Research fellowships and commitment

The following research fellowships were paid during the year:

	<u>2018</u>	<u>2017</u>
Lymphoma Foundation Canada Research Fellowship	\$ 22,500	\$ 75,000
McGill University Research Fellowship	<u>26,250</u>	<u>-</u>
	<u>\$ 48,750</u>	<u>\$ 75,000</u>

The Lymphoma Foundation Canada Research Fellowship is administered by the Provincial Health Authority.

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2018

8. Operating lease commitments

The Foundation has rental agreements for its office premises with terms that expire on February 28, 2020 and May 31, 2021.

Future minimum lease payments are payable as follows:

2019	\$	76,857
2020		61,706
2021		<u>24,584</u>
	\$	<u>163,147</u>

9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The risks that arise from financial instruments include credit, liquidity, and interest rate risk.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. This risk is mitigated by the Foundation ensuring revenue is derived from qualified sources. There is no allowance for doubtful accounts in relation to the Foundation's amounts receivable balances reflected in these financial statements.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot repay its obligations when they become due to its creditors. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. Included in accounts payable and accrued liabilities are government remittances owing in the amount of \$Nil (2017 – \$Nil).

Interest rate risk

Interest rate risk is the risk that the fair value or future value of a financial instrument will fluctuate because of changes in market interest rates.

Lymphoma Foundation Canada

Schedule of Detailed Expenses

Schedule 1

Year ended December 31	2018	2017
Operations		
Salaries and benefits	\$ 350,842	\$ 259,198
Rent, insurance and office supplies	112,410	116,254
Web site support and development	61,977	37,411
Professional and consulting fees	49,716	29,337
Travel and meetings	13,914	27,353
Amortization	34,391	7,398
	<u>\$ 623,250</u>	<u>\$ 476,951</u>
Fundraising		
Sales and events	\$ 495,284	\$ 511,667
Bank charges and interest	17,051	9,200
Corporate donations	6,465	8,435
Foundations, bequest and planned giving	-	5
	<u>\$ 518,800</u>	<u>\$ 529,307</u>
HCP & patient education		
Education patient	\$ 297,796	\$ 340,347
Education – HCP	44,248	103,464
External program and partnership	1,393	4,620
	<u>\$ 343,437</u>	<u>\$ 448,431</u>
Patient support		
Patient support	\$ 102,757	\$ 123,939
Advertising and promotion	1,277	10,746
	<u>\$ 104,034</u>	<u>\$ 134,685</u>