



Financial Statements

Lymphoma Foundation Canada

December 31, 2016

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Independent Auditor's Report

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To the Directors of
Lymphoma Foundation Canada

We have audited the accompanying financial statements of Lymphoma Foundation Canada, which comprise the statement of financial position as at December 31, 2016, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report (continued)

Basis for qualified opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might otherwise be necessary to revenue, deficiency of revenue over expenses, and cash flows for the years ended December 31, 2016 and 2015, current assets as at December 31, 2016 and 2015, and net assets as at January 1, 2016 and 2015 and December 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Lymphoma Foundation Canada as at December 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Canada
April 19, 2017

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Lymphoma Foundation Canada

Statement of Financial Position

December 31	2016	2015
Assets		
Current		
Cash	\$ 288,314	\$ 176,621
Short-term investments (Note 3)	372,931	470,049
Amounts receivable	3,359	1,993
Prepaid expenses	14,919	26,252
Sales tax recoverable	32,496	57,839
	<u>712,019</u>	<u>732,754</u>
Capital assets (Note 4)	<u>23,509</u>	<u>22,514</u>
	<u>\$ 735,528</u>	<u>\$ 755,268</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 51,735	\$ 120,657
Deferred revenue (Note 5)	60,500	-
	<u>112,235</u>	<u>120,657</u>
Net assets - unrestricted	<u>623,293</u>	<u>634,611</u>
	<u>\$ 735,528</u>	<u>\$ 755,268</u>

On behalf of the board

Director

Director

Lymphoma Foundation Canada

Statement of Revenue and Expenses and Changes in Net Assets

Year ended December 31	2016	2015
Revenue		
Contributions and fundraising	\$ 834,551	\$ 770,990
Educational grants from corporations	407,050	491,000
Interest and miscellaneous	<u>2,315</u>	<u>3,898</u>
	<u>1,243,916</u>	<u>1,265,888</u>
Expenses		
Operations (Schedule 1) (Note 6)	432,475	397,401
Fundraising (Schedule 1)	329,091	337,423
HCP & patient education (Schedule 1) (Note 6)	281,380	369,564
Patient support (Schedule 1) (Note 6)	129,788	180,134
Research (Note 7)	<u>82,500</u>	<u>64,719</u>
	<u>1,255,234</u>	<u>1,349,241</u>
Deficiency of revenue over expenses	(11,318)	(83,353)
Net assets, beginning of year	<u>634,611</u>	<u>717,964</u>
Net assets, end of year	<u>\$ 623,293</u>	<u>\$ 634,611</u>

Lymphoma Foundation Canada

Statement of Cash Flows

Year ended December 31	2016	2015
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenses	\$ (11,318)	\$ (83,353)
Item not affecting cash		
Amortization	<u>6,372</u>	<u>3,155</u>
	(4,946)	(80,198)
Change in non-cash working capital items		
Amounts receivable	(1,366)	70,317
Sales tax recoverable	25,343	9,548
Prepaid expenses	11,333	(21,353)
Accounts payable and accrued liabilities	(68,922)	(1,717)
Deferred revenue	<u>60,500</u>	<u>(225,000)</u>
	<u>21,942</u>	<u>(248,403)</u>
Investing		
Purchase of capital assets	(7,367)	(23,990)
Purchase of short-term investments	(397,931)	-
Proceeds from short-term investments	<u>495,049</u>	<u>215,305</u>
	<u>89,751</u>	<u>191,315</u>
Increase (decrease) in cash	111,693	(57,088)
Cash		
Beginning of year	<u>176,621</u>	<u>233,709</u>
End of year	<u>\$ 288,314</u>	<u>\$ 176,621</u>

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2016

1. Nature of operations

Lymphoma Foundation Canada (the "Foundation" or "LFC") 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
Web site software	3 years Straight-line

Donated services

Donated services are not recognized in these financial statements due to the difficulty in determining their fair value.

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.

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2016

2. Significant accounting policies (continued)

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 at prime less 2.0% to 2.1%, maturing February and December 2017.

4. Capital assets

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and fixtures	\$ 18,093	\$ 4,630	\$ 13,463	\$ 12,692
Leasehold improvements	9,887	2,966	6,921	8,898
Computer equipment	13,428	10,303	3,125	924
Web site software	39,850	39,850	-	-
	<u>\$ 81,258</u>	<u>\$ 57,749</u>	<u>\$ 23,509</u>	<u>\$ 22,514</u>

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2016

5. Deferred revenue

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

	<u>2016</u>	<u>2015</u>
Deferred revenue, beginning of year	\$ -	\$ 225,000
Amounts received during the year	195,850	-
Amounts recognized as revenue during the year	<u>(135,350)</u>	<u>(225,000)</u>
Deferred revenue, end of year	<u>\$ 60,500</u>	<u>\$ -</u>

6. Allocation of expenses

During 2016, \$451,302 (2015 - \$386,171) in salary expenses were allocated as follows:

	<u>2016</u>	<u>2015</u>
Operations	\$ 210,895	\$ 222,678
HCP & patient education	179,099	93,133
Patient support	<u>61,308</u>	<u>70,360</u>
	<u>\$ 451,302</u>	<u>\$ 386,171</u>

7. Research fellowships and commitment

The following research fellowships were paid during the year:

	<u>2016</u>	<u>2015</u>
LFC Research Fellowship	\$ 82,500	\$ 30,000
McGill University Research Fellowship	<u>-</u>	<u>26,250</u>
	<u>\$ 82,500</u>	<u>\$ 56,250</u>

The LFC Research Fellowship is administered by the Provincial Health Authority.

LFC entered into an research agreement with Dr. Anja Mottok for a committed amount of \$75,000 in 2017.

Lymphoma Foundation Canada

Notes to the Financial Statements

December 31, 2016

8. Operating lease commitment

The Foundation has rental agreements for its office premises with terms that expire on May 31, 2021 and February 28, 2018.

Future minimum lease payments payable:

2017	\$	69,448
2018		60,439
2019		58,033
2020		59,002
2021		<u>24,584</u>
	\$	<u>271,506</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 (2015 – \$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.

10. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2016 financial statements.

Lymphoma Foundation Canada

Schedule of Detailed Expenses

Schedule 1

Year ended December 31	2016	2015
Operations		
Salaries and benefits (Note 6)	\$ 210,895	\$ 222,678
Rent	60,693	22,539
Professional and consulting fees	54,669	49,694
Web site support and development	46,943	35,160
Office supplies	23,439	28,110
Travel and meetings	22,139	25,544
Amortization	6,372	3,155
Insurance	5,387	4,991
Advertising	1,781	298
Chapters development	157	5,232
	<u>\$ 432,475</u>	<u>\$ 397,401</u>
Fundraising		
Significant events	\$ 142,333	\$ 140,178
Direct mail	74,022	98,187
Golf tournament	43,121	51,145
Fundraising sales and events	28,364	21,943
Third party managed expenses	23,562	2,793
Bank charges and interest	8,331	18,537
Corporate donations	7,808	2,207
Individual donations	659	779
Bequest and planned giving	520	4
Foundations	255	1,480
Third party unmanaged expenses	116	170
	<u>\$ 329,091</u>	<u>\$ 337,423</u>
HCP & patient education		
Education patient (Note 6)	\$ 191,438	\$ 211,825
Education – HCP (Note 6)	82,515	152,207
External program and partnership	6,796	1,367
Conference	631	4,165
	<u>\$ 281,380</u>	<u>\$ 369,564</u>
Patient support		
Patient support (Note 6)	\$ 123,905	\$ 177,877
World lymphoma awareness day	5,448	1,477
Advertising and promotion	435	780
	<u>\$ 129,788</u>	<u>\$ 180,134</u>