

Financial Statements

Lymphoma Canada (Note 1)

December 31, 2019

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Independent Auditor's Report

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To the Directors of
Lymphoma Canada

Qualified opinion

We have audited the financial statements of Lymphoma Canada, which comprise the statement of financial position as at December 31, 2019, 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 Organization as at December 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 (ASNPO).

Basis for qualified opinion

In common with many charitable organizations, the Organization 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 Organization. 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, 2019 and 2018, current assets at December 31, 2019 and 2018, and net assets as at January 1, 2019 and 2018 and December 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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, handwritten font.

Mississauga, Canada
April 22, 2020

Chartered Professional Accountants
Licensed Public Accountants

Lymphoma Canada

Statement of Financial Position

December 31

2019

2018

Assets

Current

Cash	\$ 265,550	\$ -
Short-term investments (Note 3)	45,498	226,329
Amounts receivable	114,863	46,953
Sales tax recoverable	17,183	29,339
Inventory	12,140	4,200
Prepaid expenses	25,414	41,769

Total current

480,648

348,590

Capital assets and intangible assets (Note 4)

36,535

65,700

Total assets

\$ 517,183

\$ 414,290

Liabilities

Current

Bank indebtedness	\$ -	\$ 17,826
Accounts payable and accrued liabilities	20,818	88,626
Deferred revenue (Note 5)	142,805	-

Total liabilities

163,623

106,452

Net assets - unrestricted

353,560

307,838

Total liabilities and net assets

\$ 517,183

\$ 414,290

Commitments (Note 9)

Contingent liability (Note 10)

Subsequent event (Note 11)

On behalf of the board

Director

Director

Lymphoma Canada

Statements of Revenue and Expenses and Changes in Net Assets

Year ended December 31

	2019	2018
Revenue		
Educational grants from corporations	\$ 551,962	\$ 477,600
Contributions and fundraising	379,771	975,191
Bequests	79,405	-
Government grant	30,417	42,001
Other income	7,062	-
Interest and miscellaneous	<u>460</u>	<u>4,772</u>
	<u>1,049,077</u>	<u>1,499,564</u>
Expenses		
Operations (Schedule 1)	387,351	513,642
Fundraising (Schedule 1)	251,828	608,048
HCP & patient education (Schedule 1)	226,107	363,797
Patient support (Schedule 1)	138,069	104,034
Research (Note 7)	<u>-</u>	<u>48,750</u>
	<u>1,003,355</u>	<u>1,638,271</u>
Excess (deficiency) of revenue over expenses	<u>\$ 45,722</u>	<u>\$ (138,707)</u>
Net assets, beginning of year	\$ 307,838	\$ 446,545
Excess (deficiency) of revenue over expenses	<u>45,722</u>	<u>(138,707)</u>
Net assets, end of year	<u>\$ 353,560</u>	<u>\$ 307,838</u>

Lymphoma Canada Statement of Cash Flows

Year ended December 31

2019

2018

Increase (decrease) in cash (bank indebtedness)

Operating

Excess (deficiency) of revenue over expenses	\$ 45,722	\$ (138,707)
Item not affecting cash		
Amortization	<u>33,764</u>	<u>34,391</u>
	79,486	(104,316)
Change in non-cash working capital items		
Amounts receivable	(67,910)	(46,100)
Sales tax recoverable	12,156	32,670
Inventory	(7,940)	13,800
Prepaid expenses	16,355	121,833
Accounts payable and accrued liabilities	(67,808)	(64,238)
Deferred revenue	<u>142,805</u>	<u>(180,000)</u>
	<u>107,144</u>	<u>(226,351)</u>

Investing

Purchase of capital assets and intangible assets	(4,599)	-
Purchase of short-term investments	-	(3,398)
Proceeds from short-term investments	<u>180,831</u>	<u>175,000</u>
	<u>176,232</u>	<u>171,602</u>
Increase (decrease) in cash (bank indebtedness)	283,376	(54,749)
Cash (bank indebtedness)		
Beginning of year	<u>(17,826)</u>	<u>36,923</u>
End of year	<u>\$ 265,550</u>	<u>\$ (17,826)</u>

Lymphoma Canada

Notes to the Financial Statements

December 31, 2019

1. Nature of operations

Lymphoma Canada (the "Organization") (formerly Lymphoma Foundation Canada) 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 Organization is a registered charity under the Income Tax Act. The Organization's mission is to empower patients and the lymphoma community through education, support, advocacy, and research.

During 2019, the Organization changed its name from Lymphoma Foundation Canada to Lymphoma Canada.

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 Organization 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.

Inventory

Inventory is measured at the lower of cost and net realizable value.

Capital assets and intangible 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

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

Website software and applications	3 years Straight-line
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Lymphoma Canada

Notes to the Financial Statements

December 31, 2019

2. Significant accounting policies (continued)

Donated gifts and services

The value of donated materials and services contributed to the Organization are not recognized in these financial statements due to the difficulty in determining their fair value.

Included in contributions on the statement of revenue and expenses and changes in net assets is \$9,840 (2018 - \$Nil) in donated shares.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Organization'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 Organization 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 Organization allocates salary expenses based on time dedicated to each activity. Expense allocations are applied on a consistent basis from year to year.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to estimates and assumptions include the amortization of capital assets and the allocation of expenses. Actual results could differ from those estimates.

3. Short-term investments

Short-term investments consist of Guaranteed Investment Certificates bearing interest at 1.35%, maturing January and May 2020 (2018 - interest bearing between 2.60% and 2.70%, maturing December, 2019).

Lymphoma Canada

Notes to the Financial Statements

December 31, 2019

4. Capital assets and intangible assets

		2019	2018
	Cost	Accumulated Amortization	Net Book Value
Capital assets			
Furniture and fixtures	\$ 18,093	\$ 15,487	\$ 2,606
Leasehold improvements	9,887	8,897	990
Computer equipment	<u>15,188</u>	<u>14,253</u>	<u>935</u>
	43,168	38,637	4,531
Intangible assets			
Website software and applications	126,669	94,665	32,004
	<u>\$ 169,837</u>	<u>\$ 133,302</u>	<u>\$ 36,535</u>
	\$ 169,837	\$ 133,302	\$ 36,535
			\$ 65,700

Included in website software and applications are \$4,599 in website costs that will be amortized when the project is complete in 2020.

5. Deferred revenue

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

	2019	2018
Amounts received during the year	\$ 347,705	\$ 180,000
Amounts recognized as revenue during the year	<u>(204,900)</u>	<u>(180,000)</u>
Deferred revenue, end of year	<u>\$ 142,805</u>	<u>\$ -</u>

6. Allocation of expenses

During 2019, \$625,196 (2018 - \$593,550) in salary and benefits expenses were allocated as follows:

	2019	2018
Operations	\$ 175,135	\$ 241,234
Fundraising	141,871	109,608
HCP & patient education	173,576	166,507
Patient support	<u>134,614</u>	<u>76,201</u>
	\$ 625,196	\$ 593,550

Lymphoma Canada

Notes to the Financial Statements

December 31, 2019

7. Research fellowships and commitment

The following research fellowships were paid during the year:

	2019	2018
Lymphoma Canada Research Fellowship	\$ -	\$ 22,500
McGill University Research Fellowship	- <hr/>	26,250 <hr/>
	<hr/> \$ -	<hr/> \$ 48,750

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

8. 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. There have been no changes in the financial risks from the prior year.

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 Organization ensuring revenue is derived from qualified sources. There is no allowance for doubtful accounts in relation to the Organization's amounts receivable balances reflected in these financial statements.

Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Included in accounts payable and accrued liabilities are government remittances owing in the amount of \$Nil (2018 – \$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 Canada

Notes to the Financial Statements

December 31, 2019

9. Commitments

The Organization has rental agreements for its office premises with terms that expire on May 31, 2021.

Future minimum lease payments are payable as follows:

	2019
2020	\$ 59,002
2021	<u>24,584</u>
	<u>\$ 83,586</u>

In December 2019, the Organization entered into a contract to migrate to a new website platform for an estimated budget of \$25,920. The project is in process and expected to be completed April 2020.

10. Contingent liability

From time to time, in the ordinary course of business, the Organization is a defendant in a legal action or proceeding. It is not possible to determine the ultimate outcome of such matters; however, based on all currently available information, management believes that liabilities, if any, will not have a material adverse effect on the financial position or results.

11. Subsequent event

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Organization has determined that the COVID-19 pandemic has had no effect on its financial position and results of operations as of and for the year ended December 31, 2019. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods

12. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

Lymphoma Canada

Schedule of Detailed Expenses

Schedule 1

Year ended December 31	2019	2018
Operations		
Salaries and benefits	\$ 175,135	\$ 241,234
Rent, insurance and office supplies	86,262	112,410
Web site support and development	52,844	61,977
Professional and consulting fees	37,935	49,716
Amortization	33,764	34,391
Travel and meetings	1,411	13,914
	<u>\$ 387,351</u>	<u>\$ 513,642</u>
Fundraising		
Salaries and benefits	\$ 141,871	\$ 109,608
Sales and events	104,068	474,924
Bank charges and interest	4,725	17,051
Foundations, bequests and planned giving	827	-
Corporate donations	337	6,465
	<u>\$ 251,828</u>	<u>\$ 608,048</u>
HCP & patient education		
Education patient	\$ 194,027	\$ 318,155
Education – HCP	30,826	44,248
External program and partnership	1,254	1,394
	<u>\$ 226,107</u>	<u>\$ 363,797</u>
Patient support		
Patient support	\$ 137,739	\$ 102,757
Advertising and promotion	330	1,277
	<u>\$ 138,069</u>	<u>\$ 104,034</u>