

**Pancreatic Cancer Canada Foundation
Financial Statements
For the Year Ended December 31, 2016**

Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



Tel: 905 898 1221
Fax: 905 898 0028
Toll-Free: 866 275 8836
www.bdo.ca

BDO Canada LLP
The Gates of York Plaza
17310 Yonge Street, Unit 11
Newmarket ON L3Y 7R9 Canada

Independent Auditor's Report

To the Members of the Pancreatic Cancer Canada Foundation

We have audited the accompanying financial statements of Pancreatic Cancer Canada Foundation, which comprise the statement of financial position as at December 31, 2016, and the statements of changes in net assets, operations 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.



Basis for Qualified Opinion

In common with many charitable organizations, Pancreatic Cancer Canada Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Pancreatic Cancer Canada Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operating activities 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 and December 31 for both the 2016 and 2015 years. The audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation of scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Pancreatic Cancer Canada Foundation as at December 31, 2016, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2017
Newmarket, Ontario

**Pancreatic Cancer Canada Foundation
Statement of Financial Position**

December 31	2016	2015
Assets		
Current		
Cash	\$ 1,615,781	\$ 1,529,625
Harmonized sales tax receivable	69,559	29,967
Inventory	-	1,265
Prepaid expenses	4,742	1,966
	1,690,082	1,562,823
Tangible capital assets (Note 2)	3,842	3,419
	\$ 1,693,924	\$ 1,566,242
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 758,477	\$ 75,172
Commitments (Note 3)		
Net Assets		
Internally restricted (Note 4)	200,000	743,000
Unrestricted	735,447	748,070
	935,447	1,491,070
	\$ 1,693,924	\$ 1,566,242

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

**Pancreatic Cancer Canada Foundation
Statement of Changes in Net Assets**

For the year ended December 31	Internally Restricted	Unrestricted	2016 Total	2015 Total
Balance, beginning of the year	\$ 743,000	\$ 748,070	\$ 1,491,070	\$ 1,053,205
Excess (deficiency) of revenues over expenses	-	(555,623)	(555,623)	437,865
Donations made through internally restricted net assets (Note 4)	(743,000)	743,000	-	-
Interfund transfer (Note 4)	200,000	(200,000)	-	-
Balance, end of the year	\$ 200,000	\$ 735,447	\$ 935,447	\$ 1,491,070

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

Pancreatic Cancer Canada Foundation Statement of Operations

For the year ended December 31	2016	2015
Revenue		
Charity golf tournament, promotional items sale, fundraisers and other events	\$ 235,709	\$ 162,543
Donations	1,218,753	971,377
Investment income	8,858	7,535
CIHR grants	-	8,520
	1,463,320	1,149,975
Expenses		
Accounting services	17,847	3,518
Administrative fees, salaries and benefits	251,830	126,028
Advertising and promotion	26,691	12,488
Amortization	1,233	1,167
Event and promotional item sale expenses	160,580	127,022
Insurance	3,488	3,799
Loss on disposal of property, plant & equipment	1,428	-
Meetings and hospitality	6,222	47,292
Occupancy costs	45,591	31,289
Office	27,914	21,118
Online payment processing fees	72,716	59,554
Professional fees	49,671	22,525
Staff training	10,318	-
Subcontractor	12,517	26,178
Telecommunications	12,024	13,600
Travel	4,400	17,471
Website	30,771	7,820
Write down of inventory	1,265	34,241
	736,506	555,110
Excess of revenues over expenses before donations and grants to research	726,814	594,865
Donations and grants to research	1,282,437	157,000
Excess (deficiency) of revenues over expenses	\$ (555,623)	\$ 437,865

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

Pancreatic Cancer Canada Foundation Statement of Cash Flows

For the year ended December 31	2016	2015
Cash flows from operating activities		
Excess (deficiency) excess of revenues over expenses	\$ (555,623)	\$ 437,865
Items not affecting cash:		
Amortization of tangible capital assets	1,233	1,167
Loss on disposal of tangible capital assets	1,428	-
	<u>(552,962)</u>	<u>439,032</u>
Changes in non-cash working capital:		
Harmonized sales tax receivable	(39,592)	(3,294)
Inventory	1,265	48,692
Prepaid expenses	(2,776)	-
Accounts payable and accrued liabilities	683,305	65,355
	<u>89,240</u>	<u>549,785</u>
Cash flows from investing activities		
Proceeds on disposal of investments	-	8,904
Acquisition of tangible capital assets	(3,084)	(996)
	<u>(3,084)</u>	<u>7,908</u>
Net increase in cash	86,156	557,693
Cash, beginning of the year	1,529,625	971,932
Cash, end of the year	\$ 1,615,781	\$ 1,529,625

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

Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Pancreatic Cancer Canada Foundation is a not-for-profit organization incorporated without share capital under the laws of Ontario. The Foundation is engaged in the operation of promoting awareness and to fund research into early detection and treatment of pancreatic cancer. The Foundation is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The Foundation follows the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.</p> <p>Events revenue are recognized when received.</p> <p>Product sales are recognized upon shipment of goods when all benefits and risks relating to ownership have been transferred, when the sale has been accepted by the customer and when collection is reasonably assured.</p>
Financial Instruments	<p>Financial instruments are recorded at fair value at initial recognition. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value at each statement of financial position date. Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments measured at cost or amortized cost are capitalized and amortized over the expected life of the instrument using the straight-line method.</p> <p>The Foundation's financial instruments comprise cash which is recorded at fair value and harmonized sales tax receivable which is recorded at amortized cost.</p>

Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (continued)

Inventory	Inventory includes various brochures, advertisement supplies and promotional articles for the general public. Inventory is measured at the lower of cost and replacement value. Cost is determined using the first-in, first-out basis.									
Tangible Capital Assets	<p>Purchased tangible capital assets are stated at cost less accumulated amortization.</p> <p>Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><thead><tr><th></th><th>Method</th><th>Rate</th></tr></thead><tbody><tr><td>Furniture and equipment</td><td>Declining balance</td><td>20%</td></tr><tr><td>Computer equipment</td><td>Declining balance</td><td>45%</td></tr></tbody></table>		Method	Rate	Furniture and equipment	Declining balance	20%	Computer equipment	Declining balance	45%
	Method	Rate								
Furniture and equipment	Declining balance	20%								
Computer equipment	Declining balance	45%								
Contributed Services	Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.									
Contributed Materials	Contributed materials which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.									
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.									

Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2016

2. Tangible Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 653	\$ 106	\$ 4,913	\$ 2,556
Computer equipment	4,422	1,127	5,600	4,538
	5,075	1,233	10,513	7,094
		\$ 3,842		\$ 3,419

3. Commitments

The Foundation has a commitment, which is subject to certain conditions, with Canadian Cancer Society Research through the Ottawa Hospital. The commitment totals \$50,000 to be paid out in 2017.

The Foundation has entered into a lease of its premises for a term of one year January 1, 2017 to December 31, 2017. Lease payments per month are \$2,590 plus HST.

4. Internally Restricted Net Assets

These funds have been internally restricted as research funds. These internally restricted amounts are not available for any other purposes without approval of the Board of Directors.

In a given year, donations and grants are first made from restricted funds and then from unrestricted funds. In the year, of the \$1,282,437 (2015 - \$157,000) in donations and grants to research, \$743,000 (2015 - \$157,000) were made from the internally restricted funds.

Included in accounts payable and accrued liabilities is \$725,000 in research funding that was paid subsequent to year end.

In the year, the Board of Directors of the Foundation approved an internally restricted balance of \$200,000 (2015 - \$743,000) for research purposes.

Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2016

5. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk arising from its Harmonized sales tax receivable. The majority of the Foundations's receivables are from government sources. The risk has not changed from the previous year. As well, the Foundation's bank accounts are held at a major financial institution and are in excess of the amount insured by agencies of the Federal government.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The risk has not changed from the previous year.
