

**Pancreatic Cancer Canada Foundation
Financial Statements
For the Year Ended December 31, 2015**

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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, 2015, 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 of revenues over expenses, and cash flows from operating activities for the years ended December 31, 2015 and 2014, current assets as at December 31, 2015 and 2014, and net assets as at January 1 and December 31 for both the 2015 and 2014 years. The audit opinion on the financial statements for the year ended December 31, 2014 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, 2015, 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 28, 2016
Newmarket, Ontario

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

December 31	2015	2014
Assets		
Current		
Cash	\$ 1,529,625	\$ 971,932
Harmonized sales tax receivable	29,967	26,673
Inventory	1,265	49,957
Prepaid expenses	1,966	1,966
	1,562,823	1,050,528
Investments	-	8,904
Property, plant and equipment (Note 2)	3,419	3,590
	\$ 1,566,242	\$ 1,063,022
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 75,172	\$ 9,817
Commitments (Note 3)		
Net Assets		
Internally restricted (Note 4)	743,000	550,000
Unrestricted	748,070	503,205
	1,491,070	1,053,205
	\$ 1,566,242	\$ 1,063,022

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	2015 Total	2014 Total
Balance, beginning of the year	\$ 550,000	\$ 503,205	\$ 1,053,205	\$ 832,021
Excess of revenues over expenses	-	437,865	437,865	221,184
Donations made through internally restricted net assets (Note 4)	(157,000)	157,000	-	-
Interfund transfer (Note 4)	350,000	(350,000)	-	-
Balance, end of the year	\$ 743,000	\$ 748,070	\$ 1,491,070	\$ 1,053,205

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

Pancreatic Cancer Canada Foundation Statement of Operations

For the year ended December 31	2015	2014
Revenue		
Charity golf tournament, promotional items sale, fundraisers and other events	\$ 162,543	\$ 191,165
Donations	971,377	1,046,686
Investment income	7,535	6,758
CIHR grants	8,520	-
	1,149,975	1,244,609
Expenses		
Charity golf tournament, promotional items sale, fundraiser and other events	127,022	159,128
Accounting services	3,518	15,391
Administrative fees, salaries and benefits	126,028	64,742
Advertising and promotion	12,488	24,207
Amortization	1,167	1,526
Insurance	3,799	2,968
Meetings and hospitality	47,292	31,032
Memberships and licenses	-	3,730
Occupancy costs	31,289	23,860
Office	21,118	14,754
Online payment processing fees	59,554	55,113
Professional fees	22,525	10,579
Subcontractor	26,178	18,310
Telecommunications	13,600	11,557
Travel	17,471	29,987
Website	7,820	4,941
Write down of inventory	34,241	-
	555,110	471,825
Excess of revenues over expenses before donations and grants to research	594,865	772,784
Donations and grants to research	157,000	551,600
Excess of revenues over expenses	\$ 437,865	\$ 221,184

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	2015	2014
Cash flows from operating activities		
Excess of revenues over expenses	\$ 437,865	\$ 221,184
Items not affecting cash:		
Amortization of property, plant and equipment	1,167	1,526
	<u>439,032</u>	<u>222,710</u>
Changes in non-cash working capital:		
Harmonized sales tax receivable	(3,294)	(6,573)
Inventory	48,692	(8,475)
Prepaid expenses	-	6,011
Accounts payable and accrued liabilities	65,355	(9,470)
	<u>549,785</u>	<u>204,203</u>
Cash flows from investing activities		
Purchase of investments	-	(8,904)
Proceeds on disposal of investments	8,904	-
Acquisition of property, plant and equipment	(996)	-
Proceeds on disposal of term deposits	-	400,000
	<u>7,908</u>	<u>391,096</u>
Net increase in cash	557,693	595,299
Cash, beginning of the year	971,932	376,633
Cash, end of the year	\$ 1,529,625	\$ 971,932

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

Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2015

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 and investments which are 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, 2015

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.									
Property, Plant and Equipment	<p>Purchased property, plant and equipment 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 style="text-align: center;">Method</th><th style="text-align: center;">Rate</th></tr></thead><tbody><tr><td>Furniture and equipment</td><td style="text-align: center;">Declining balance</td><td style="text-align: center;">20%</td></tr><tr><td>Computer equipment</td><td style="text-align: center;">Declining balance</td><td style="text-align: center;">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 property, plant and equipment. 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, 2015

2. Property, Plant and Equipment

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 4,913	\$ 2,556	\$ 4,504	\$ 2,018
Computer equipment	5,600	4,538	5,013	3,909
	10,513	7,094	9,517	5,927
		\$ 3,419		\$ 3,590

3. Commitments

The Foundation has entered into donation commitments, which are subject to certain conditions, with various research institutions and professionals for amounts ranging between \$30,000 and \$225,000 per year, which expire between 2016 and 2018. Future minimum payments total \$525,000 and include the following payments over the next three years:

2016	\$	415,000
2017		80,000
2018		30,000

The Foundation leases its premises under two leases expiring in April 2016 and March 2017 respectively. Future minimum lease payments total \$32,344 and include the following payments over the next two years:

2016	\$	24,920
2017		7,424

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 2015, of the \$157,000 (2014 - \$551,600) in donations and grants to research, \$157,000 (2014 - \$450,000) were made from the internally restricted funds. Subsequent to year end, approximately \$325,000 of additional research funding was donated.

In 2015, the Board of Directors of the Foundation approved an internally restricted balance of \$743,000 (2014 - \$550,000) for research purposes.

Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2015

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 risk has not changed from the previous year.

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.

6. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.
