

**Pancreatic Cancer Canada Foundation**  
**Financial Statements**  
For the Year Ended December 31, 2017

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## Independent Auditor's Report

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### 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, 2017, 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 revenue, deficiency of revenue over expenses, and cash flows from operating activities for the years ended December 31, 2017 and 2016, current assets as at December 31, 2017 and 2016, and net assets as at January 1 and December 31 for both the 2017 and 2016 years. The audit opinion on the financial statements for the year ended December 31, 2016 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, 2017, 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

April 17, 2018  
Newmarket, Ontario

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

December 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,056,697	\$ 1,615,781
Harmonized sales tax receivable	53,670	69,559
Prepaid expenses	7,553	4,742
	1,117,920	1,690,082
Tangible capital assets (Note 2)	27,832	3,842
	\$ 1,145,752	\$ 1,693,924
 <b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 134,864	\$ 758,477
Deferred contributions (Note 3)	150,000	-
	284,864	758,477
Commitments (Note 4)		
<b>Net Assets</b>		
Internally restricted (Note 5)	150,000	200,000
Unrestricted	710,888	735,447
	860,888	935,447
	\$ 1,145,752	\$ 1,693,924

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

For the year ended December 31	Internally Restricted	Unrestricted	2017 Total	2016 Total
Balance, beginning of the year	\$ 200,000	\$ 735,447	\$ 935,447	\$ 1,491,070
Deficiency of revenue over expenses	-	(74,559)	(74,559)	(555,623)
Donations made through internally restricted net assets (Note 5)	(50,000)	50,000	-	-
Balance, end of the year	\$ 150,000	\$ 710,888	\$ 860,888	\$ 935,447

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

**Pancreatic Cancer Canada Foundation  
Statement of Operations**

For the year ended December 31	2017	2016
<b>Revenue</b>		
Events	\$ 157,812	\$ 235,709
Individual and corporate gifts	1,089,886	1,218,753
Investment income	3,707	8,858
	<u>1,251,405</u>	<u>1,463,320</u>
<b>Expenses (Note 9)</b>		
Administration and general	219,843	167,059
Fundraising	580,521	162,825
Programs - awareness, education, patient support and advocacy	241,480	121,820
Research	146,550	1,282,437
Special Events	137,570	284,802
	<u>1,325,964</u>	<u>2,018,943</u>
<b>Deficiency of revenue over expenses</b>	<b>\$ (74,559)</b>	<b>\$ (555,623)</b>



## Pancreatic Cancer Canada Foundation Statement of Cash Flows

For the year ended December 31	2017	2016
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenses	\$ (74,559)	\$ (555,623)
Items not affecting cash:		
Amortization of tangible capital assets	6,327	1,233
Loss on disposal of tangible capital assets	-	1,428
	(68,232)	(552,962)
Changes in non-cash working capital:		
Harmonized sales tax receivable	15,889	(39,592)
Inventory	-	1,265
Prepaid expenses	(2,811)	(2,776)
Accounts payable and accrued liabilities	(623,613)	683,305
Deferred contributions	150,000	-
	(528,767)	89,240
<b>Cash flows from investing activities</b>		
Acquisition of tangible capital assets	(30,317)	(3,084)
<b>Net (decrease) increase in cash</b>	(559,084)	86,156
Cash, beginning of the year	1,615,781	1,529,625
<b>Cash, end of the year</b>	\$ 1,056,697	\$ 1,615,781

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

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# Pancreatic Cancer Canada Foundation

## Notes to Financial Statements

December 31, 2017

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### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	The Pancreatic Cancer Canada Foundation (the "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.
<b>Basis of Accounting</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Revenue Recognition</b>	<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 is recognized when the event has occurred and when collection is reasonably assured.</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>
<b>Financial Instruments</b>	<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 amortized cost are capitalized and amortized over the expected life of the instrument using the straight-line method.</p> <p>The Foundation's financial assets comprise cash which is recorded at fair value and harmonized sales tax receivable which is recorded at amortized cost.</p>



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## Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2017

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### 1. Significant Accounting Policies (continued)

**Tangible Capital Assets** Purchased tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

	<b>Method</b>	<b>Rate</b>
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.

**Allocation of Costs by Function** The organization records a number of its expenses by function: Administration and general, fundraising, programs - awareness, education, patient support and advocacy, research and special events.

Salary, rental, business development and website costs are allocated on the following basis:

- Salary costs: Based on the time worked by each employee for each function
  - Rental costs: Based on the space used for each function
  - Business development costs: Based on the business development activities of each function
  - Website costs: Based on website use by each function
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## Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2017

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### 2. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and equipment	\$ 17,345	\$ 1,885	\$ 653	\$ 106
Computer equipment	18,048	5,676	4,422	1,127
	35,393	7,561	5,075	1,233
		\$ 27,832		\$ 3,842

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### 3. Deferred Contributions

Deferred contributions represent unspent resources received in the current period and related to expenses of a subsequent period. Changes in the deferred contributions balance are as follows:

	2017	2016
Opening balance	\$ -	\$ -
Donations received in the year	200,000	-
Less: Amounts recognized as revenue in the year	50,000	-
Ending balance	\$ 150,000	\$ -

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## Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2017

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#### 4. Commitments

The Foundation has entered into partnership agreement with the Cancer Research Society ("CRS") to collaborate for a strategic financial goal for funding the Canadian Pancreatic Oncology Network "PancOne" research initiatives. Both parties will cooperate to raise a minimum of \$1.6 million over the 24 month period starting October 1, 2017 and ending September 30, 2019.

The Foundation and CRS are jointly and equally responsible for any fundraising shortfall. If after the first twelve month period ending September 30, 2018, there is a fundraising shortfall, each party will have to contribute 50% of the shortfall. Based on the minimum goal of \$1.6 million over the 24 month period, the maximum commitment the Foundation can have is \$400,000 for the twelve month period ending September 30, 2018 and \$400,000 for the twelve month period ending September 30, 2019.

The Foundation's total obligations for the next five years, for an operating lease for occupied premises, is as follows:

2018	\$	27,696
2019		27,696
2020		27,696
2021		27,696
2022		25,388
		<hr/>
	\$	136,172

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#### 5. 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 \$50,000 (2016 - \$1,282,437) in donations and grants to research, \$50,000 (2016 - \$743,000) were made from the internally restricted funds.

Included in accounts payable and accrued liabilities is \$25,000 in research funding that was paid subsequent to year end.

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## Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2017

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### 6. Financial Instruments

#### Credit risk

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

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.

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### 7. Pension Plan

Substantially all service staff are members of the Healthcare of Ontario Pension Plan ("the Plan"), which is a multi-employer, defined benefit pension plan available to all eligible employees.

Every three years, an independent actuary determines the funding status of the Plan comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted on December 31, 2017. As of December 31, 2017, the Plan is in a surplus position with value of net assets of \$72,803 million and value of pensions obligations of \$59,602 million.

Contributions to the Plan made during the year by the Foundation on behalf of participating employees amounted to \$24,605 (2016 - \$Nil) and are included in the statement of operations.

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## Pancreatic Cancer Canada Foundation Notes to Financial Statements

December 31, 2017

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### 8. Allocation of Costs by Function

	Administration	Fundraising	Programs	Research	Special Events
Salary	14 %	13 %	34 %	13 %	26 %
Rental	10 %	20 %	20 %	30 %	20 %
Business development	- %	40 %	20 %	40 %	- %
Website	- %	60 %	40 %	- %	- %

Costs are allocated as follows:

	Salary	Rental	Business Development	Website
Administration	\$ 58,732	\$ 5,484	\$ -	\$ -
Fundraising	55,913	10,968	12,784	61,400
Programs	141,995	10,968	6,392	40,933
Research	53,958	16,451	12,784	-
Special events	111,018	10,968	-	-
	<b>\$421,616</b>	<b>\$ 54,839</b>	<b>\$ 31,960</b>	<b>\$102,333</b>

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### 9. Comparative Figures

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

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