

**FINANCIAL STATEMENTS**  
**For**  
**PANCREATIC CANCER CANADA FOUNDATION**  
**For year ended**  
**DECEMBER 31, 2019**

**PANCREATIC CANCER CANADA FOUNDATION**

**INDEX TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 & 2
<b>STATEMENT OF FINANCIAL POSITION</b>	3
<b>STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES</b>	4
<b>STATEMENT OF CASH FLOWS</b>	5
<b>NOTES TO FINANCIAL STATEMENTS</b>	6 - 11

**INDEPENDENT AUDITOR'S REPORT**

To the members of the

**PANCREATIC CANCER CANADA FOUNDATION***Qualified Opinion*

We have audited the accompanying financial statements of the Pancreatic Cancer Canada Foundation (the Foundation), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances 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 possible 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 Foundation 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.

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Foundation derives revenue from fundraising activities, 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 the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donation revenue, excess of revenue over expenses and cash flows from operations for the years ended December 31, 2018 and 2019, current assets as at December 31, 2018 and 2019, and net assets as at January 1 and December 31 for both the 2018 and 2019 years. The 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 audit opinion.

*Other Matter*

The financial statements of the Foundation for the year ended December 31, 2018 were audited by another auditor who expressed a modified opinion on those financial statements which is consistent with the current year 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

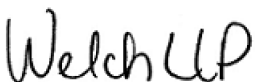
## *Auditor's Responsibilities for the Audit of the Financial Statements*

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 Foundation'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 Foundation'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 Foundation 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.



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 1, 2020.

PANCREATIC CANCER CANADA FOUNDATION

STATEMENT OF FINANCIAL POSITION

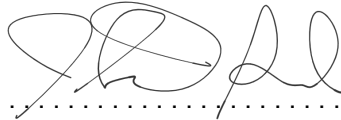
DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 957,027	\$ 1,014,665
Accounts receivable	4,592	16,347
HST recoverable	21,176	99,129
Prepaid expenses and deposits	<u>51,684</u>	<u>22,748</u>
	1,034,479	1,152,889
<b>TANGIBLE CAPITAL ASSETS</b> (note 3)	<u>59,178</u>	<u>21,924</u>
	<u>\$ 1,093,657</u>	<u>\$ 1,174,813</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	\$ 218,795	\$ 105,629
Deferred contributions (note 5)	<u>17,065</u>	<u>96,666</u>
	<u>235,860</u>	<u>202,295</u>
<b>FUND BALANCES</b>		
Restricted funds (note 6)	121,386	187,546
Unrestricted funds	<u>736,411</u>	<u>784,972</u>
	<u>857,797</u>	<u>972,518</u>
<b>COMMITMENTS</b> (note 7)	<u>\$ 1,093,657</u>	<u>\$ 1,174,813</u>

Approved by the Board:

*Anish Kirpalani*

..... Director



..... Director

(See accompanying notes)

**PANCREATIC CANCER CANADA FOUNDATION**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2019**

	Operations Fund		Restricted Funds		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
Community development	\$ 103,249	\$ 329,058	\$ 350	\$ 11,792	\$ 103,599	\$ 340,850
Major gifts	866,131	359,624	58,097	410,000	924,228	769,624
Special events	1,021,051	784,312	10,093	71,197	1,031,144	855,509
Corporate partnerships	<u>193,936</u>	<u>165,614</u>	<u>33,000</u>	<u>88,325</u>	<u>226,936</u>	<u>253,939</u>
	2,184,367	1,638,608	101,540	581,314	2,285,907	2,219,922
<b>Expenses (note 10)</b>						
Administration and general	436,242	463,767	-	-	436,242	463,767
Fundraising	468,612	340,782	-	-	468,612	340,782
Special events	330,460	269,575	-	-	330,460	269,575
Programs	323,901	191,095	-	-	323,901	191,095
Research	<u>57,484</u>	<u>60,124</u>	<u>-</u>	<u>-</u>	<u>57,484</u>	<u>60,124</u>
	1,616,699	1,325,343	-	-	1,616,699	1,325,343
<b>Excess of revenue over expenses before the undernoted</b>	567,668	313,265	101,540	581,314	669,208	894,579
Investment income (loss) (note 8)	<u>11,071</u>	<u>(10,351)</u>	<u>-</u>	<u>-</u>	<u>11,071</u>	<u>(10,351)</u>
<b>Excess of revenue over expenses before grants</b>	578,739	302,914	101,540	581,314	680,279	884,228
Grants awarded (note 14)	<u>627,300</u>	<u>4,999</u>	<u>167,700</u>	<u>543,768</u>	<u>795,000</u>	<u>548,767</u>
<b>(Deficiency) excess of revenue over expenses</b>	(48,561)	297,915	(66,160)	37,546	(114,721)	335,461
<b>Fund balances, beginning of year</b>	<u>784,972</u>	<u>487,057</u>	<u>187,546</u>	<u>150,000</u>	<u>972,518</u>	<u>637,057</u>
<b>Fund balances, end of year</b>	<u>\$ 736,411</u>	<u>\$ 784,972</u>	<u>\$ 121,386</u>	<u>\$ 187,546</u>	<u>\$ 857,797</u>	<u>\$ 972,518</u>

(See accompanying notes)

**PANCREATIC CANCER CANADA FOUNDATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses:		
Operating funds	\$ (48,561)	\$ 297,915
Restricted funds	<u>(66,160)</u>	<u>37,546</u>
	(114,721)	335,461
 Items not affecting cash:		
Loss on disposal of investments	-	14,463
Amortization expense	<u>16,992</u>	<u>8,900</u>
	(97,729)	358,824
 Changes in non-cash operating items:		
Accounts receivable	11,755	(16,347)
HST recoverable	77,953	(45,459)
Prepaid expenses and deposits	(28,936)	(15,195)
Accounts payable and accrued liabilities	113,166	(157,395)
Deferred contributions	<u>(79,601)</u>	<u>(149,005)</u>
	<u>(3,392)</u>	<u>(24,577)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments	-	(398,965)
Proceeds of investment disposition	-	384,502
Purchase of tangible capital assets	<u>(54,246)</u>	<u>(2,992)</u>
	<u>(54,246)</u>	<u>(17,455)</u>
 <b>DECREASE IN CASH</b>	(57,638)	(42,032)
 <b>CASH, BEGINNING OF YEAR</b>	<u>1,014,665</u>	<u>1,056,697</u>
 <b>CASH, END OF YEAR</b>	<u>\$ 957,027</u>	<u>\$ 1,014,665</u>

(See accompanying notes)

**PANCREATIC CANCER CANADA FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

**1. NATURE OF OPERATIONS**

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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

The financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

*Revenue recognition*

The Foundation follows the restricted fund method of accounting for contributions, which consists of donations, bequests, proceeds from special events, and investment income.

Revenue from donations, corporate partnerships and other contributions including gifts in kind, is recorded when received. Restricted contributions are recorded as revenue of the appropriate restricted fund. Events revenue is recognized when the event has occurred and when collection is reasonably assured.

Investment income is accrued as it is earned and includes interest income. General investment income earned on the assets of the Restricted Funds is recognized as revenue of the Restricted Fund. General investment income earned on the assets of the Operations Fund is recognized as revenue of the Operations Fund.

*Funds*

The financial statements separately disclose the activities of the following funds maintained by the Foundation:

Operations fund

- The Operations Fund comprises amounts available for immediate use for the general purpose of the Foundation as determined by the Board of Directors.

Restricted funds

- The Restricted Fund comprises amounts that are to be used for specific purposes as specified by the donors, the Board of Directors, or as stipulated by the fundraising appeal.

*Contributed goods and services*

Donors contribute gifts in kind for use in special fundraising events, and for the Foundation's use in operations and would otherwise have been purchased. These gifts are recognized at their fair market value when such value can be reasonably determined. Included in expenses are \$9,611 of contributed goods and services for auction items or prizes for signature and third party events (2018 - \$700).



**PANCREATIC CANCER CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2019**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Contributed securities*

Gifts of publicly-traded securities are recognized at estimated fair value based on the published closing price on the date of receipt, when such information is available, or other estimated fair value as applicable.

*Volunteer services*

The work of the Foundation is dependent on the volunteer activities of many individuals. Because these services are not normally purchased by the Foundation and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

*Foreign currency translation*

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the transaction date. Investments and other monetary items denominated in foreign currencies are translated at the year end rate. Translation gains and losses are included in the statement of operations and changes in fund balances.

*Financial instruments*

The Foundation initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

<u>Asset/liability</u>	<u>Measurement</u>
Cash	Fair value
Accounts receivable	Amortized cost
HST recoverable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

*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:

	<u>Method</u>	<u>Estimated useful life</u>
Furniture and equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	3 years

*Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available. Areas requiring significant estimates and assumptions include determining the useful life of tangible capital assets and the amount of accrued liabilities.

**PANCREATIC CANCER CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2019**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Allocation of costs by function*

The Foundation records a number of its expense by function: administration and general, fundraising, programs, 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

**3. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	2019		2018	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Furniture and equipment	\$ 26,947	\$ 10,531	\$ 20,337	\$ 5,865
Computer equipment	18,048	15,777	18,048	10,596
Leasehold Improvements	47,636	7,145	-	-
	92,631	\$ 33,453	38,385	\$ 16,461
Less: accumulated amortization	(33,453)		(16,461)	
	\$ 59,178		\$ 21,924	

Included in administration and general expense is \$16,992 (2018 - \$8,900) of amortization expense.

**4. GOVERNMENT REMITTANCES**

Included in accounts payable and accrued liabilities are government remittances payable of \$239 (2018 - \$2,721).

**5. DEFERRED CONTRIBUTIONS**

Deferred contributions represent unspent operations funds received in the current period and related to events or expenses of a subsequent period. Changes in deferred contributions are as follows:

	2019	2018
Opening balance	\$ 96,666	\$ 245,671
Donations received in the year	17,065	96,666
Less: Amounts recognized as revenue in the year	96,666	245,671
Ending balance	\$ 17,065	\$ 96,666

**PANCREATIC CANCER CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2019**

**6. RESTRICTED FUNDS**

Restricted funds are comprised of:

	<u>2019</u>	<u>2018</u>
Restricted fund		
Internally restricted funds	\$ -	\$ 150,000
Externally restricted funds	<u>121,386</u>	<u>37,546</u>
	<u>\$ 121,386</u>	<u>\$ 187,546</u>

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

**7. LEASE COMMITMENTS**

The Foundation has a lease commitment for office space at market rates. The approximate annual payments due under this lease are as follows:

2020	\$ 83,998
2021	83,998
2022	<u>76,998</u>
	<u>\$ 244,994</u>

**8. INVESTMENT INCOME**

Investment income earned consists of the following:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 12,061	\$ 4,112
Unrealized (loss) on disposal of stock donations	<u>(990)</u>	<u>(14,463)</u>
	<u>\$ 11,071</u>	<u>\$ (10,351)</u>

**9. PENSION**

Substantially all employees are eligible to be members of the Healthcare of Ontario Pension Plan ("the Plan") which is a multi-employer defined benefit pension plan. Plan members will receive benefits based on the length of service and on the average of annualized earnings during the five consecutive years prior to retirement, termination or death that provides the highest earnings.

The most recent actuarial valuation of the Plan was conducted on December 31, 2019. As of December 31, 2019, the Plan is in a surplus position with value of net assets of \$87,181 million and value of pensions obligations of \$73,547 million.

Contributions to the Plan made during the year by the Foundation on behalf of participating employees amounted to \$63,718 (2018 - \$45,763) and are included in the statement of operations.

**PANCREATIC CANCER CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**

**YEAR ENDED DECEMBER 31, 2019**

**10. ALLOCATION OF COSTS BY FUNCTION**

	<u>Administration</u>	<u>Fundraising</u>	<u>Programs</u>	<u>Research</u>	<u>Special Events</u>
Compensation	14%	29%	28%	4%	25%
Rent	16%	32%	21%	5%	26%
Business development	- %	40%	20%	40%	- %
Website	- %	30%	40%	- %	30%

Costs are allocated as follows:

	<u>Compensation</u>	<u>Rental</u>	<u>Business Development</u>	<u>Website</u>
Administration and general	\$ 114,645	\$ 13,288	\$ -	\$ -
Fundraising	236,806	26,052	3,029	3,576
Special events	202,756	20,716	-	3,576
Programs	231,758	16,740	1,515	4,768
Research	<u>34,488</u>	<u>3,767</u>	<u>3,029</u>	<u>-</u>
	<u>\$ 820,453</u>	<u>\$ 80,563</u>	<u>\$ 7,573</u>	<u>\$ 11,920</u>

**11. CONTINGENT LIABILITY**

During the year, a legal claim was filed against the Foundation by a former employee. Due to the sensitivity of the matter and because the claim is currently in the mediation process, the Foundation has not disclosed the amount of the claim. At this time, the outcome of the claim cannot be determined and consequently no liability has been accrued in these financial statements.

**12. RECLASSIFICATION OF PRIOR YEAR GRANT**

During the year, the Foundation determined that it was more appropriate to present a \$493,768 grant award that was paid in 2018 and met the criteria of the purpose of Restricted Funds as a grant from that fund. Since the grant was originally presented as an expenditure from the Operating Fund, the comparative figures have been reclassified accordingly.

**13. SUBSEQUENT EVENT**

In mid-March 2020, subsequent to the Foundation's year-end, the province of Ontario declared a state of emergency in response to the public health concerns originating from the spread of the coronavirus disease.

On March 13, 2020, the Foundation closed its office to support efforts to stop the spread of the virus. While operations have continued on remotely, of the fundraising events supporting the Foundation scheduled over the spring three have been rescheduled and one has moved to an online format. Management feels it is well positioned to endure any volatility as it has the equivalent of approximately three months of operating expenses in cash.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Foundation's operations may be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity may have on the Foundation's operations, assets, liabilities, revenues and expenses is not yet known.

**PANCREATIC CANCER CANADA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2019**

14. **FINANCIAL INSTRUMENTS - Cont'd.**

The Foundation, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: currency risk, credit risk and liquidity risk.

*Currency risk*

Current risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation's accounts payable and accrued liabilities include amounts due to US suppliers, the value of which fluctuates in part due to changes in foreign exchange rates. As at December 31, 2019, accounts payable totaling \$160,147 (2018 - \$nil) are denominated in US dollars and converted into Canadian dollars.

*Credit risk*

The Foundation is exposed to credit risk arising from its Harmonized sales tax receivable and other receivables. The majority of the Foundation'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 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.

*Changes in risk*

There have been no significant changes in the Foundation's risk exposure from the prior year.

15. **COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year presentation.