

National Pancreatic Cancer Canada Foundation
Financial Statements
For the year ended December 31, 2013

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Independent Auditor's Report

**To the members of
National Pancreatic Cancer Canada Foundation**

We have audited the accompanying financial statements of National Pancreatic Cancer Canada Foundation, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in net assets 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, National Pancreatic Cancer Canada Foundation derives revenue from donations and cash receipts, 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 National 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, 2013 and 2012, current assets as at December 31, 2013 and 2012, and net assets as at January 1 and December 31 for both the 2013 and 2012 years. Our review engagement report on the financial statements for the year ended December 31, 2012 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 National Pancreatic Cancer Canada Foundation as at December 31, 2013, 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.

Other Matter

The comparative figures were subject to a review engagement and as such, they are unaudited.

BDO CANADA LLP

Chartered Accountants, Licensed Public Accountants

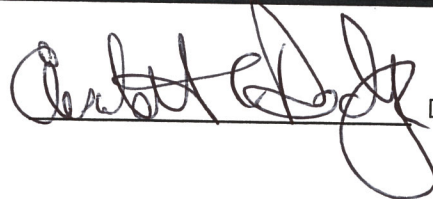
Ottawa, Ontario
May 21, 2014

National Pancreatic Cancer Canada Foundation Statement of Financial Position

December 31	2013	2012
		(unaudited)
Assets		
Current		
Cash	\$ 376,633	\$ 440,931
Term deposit, 1.05%, maturing in September 2014	400,000	-
Harmonized sales tax receivable	20,100	15,145
Inventory	41,482	15,441
Prepaid expenses	7,977	11,375
	846,192	482,892
Investments	-	8,379
Tangible capital assets (Note 2)	5,116	1,557
	\$ 851,308	\$ 492,828
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 19,287	\$ 8,468
Commitments (Note 3)		
Net Assets		
Internally restricted (Note 4)	450,000	250,000
Unrestricted	382,021	234,360
	832,021	484,360
	\$ 851,308	\$ 492,828

On behalf of the Board:

_____ Director


 _____ Director

National Pancreatic Cancer Canada Foundation Statement of Changes in Net Assets

For the year ended December 31	Internally restricted	Unrestricted	2013	2012
				(unaudited)
Balance, beginning of the year	\$ 250,000	\$ 234,360	\$ 484,360	\$ 247,501
Excess of revenues over expenses	-	347,661	347,661	236,859
Donations made through internally restricted net assets (Note 4)	(250,000)	250,000	-	-
Interfund transfer (Note 4)	450,000	(450,000)	-	-
Balance, end of the year	\$ 450,000	\$ 382,021	\$ 832,021	\$ 484,360

National Pancreatic Cancer Canada Foundation Statement of Operations

For the year ended December 31	2013	2012
		(unaudited)
Revenues		
Charity golf tournament & other events	\$ 158,455	\$ 145,346
Donations	941,355	1,465,270
Investment income	7	3,016
	<u>1,099,817</u>	<u>1,613,632</u>
Fundraising Expenses		
Charity golf tournament & other events	<u>70,013</u>	<u>71,427</u>
General and Administrative Expenses		
Accounting services	19,041	12,179
Administrative fees, salaries and benefits	59,088	28,500
Advertising and promotion	36,691	28,966
Amortization of tangible capital assets	2,419	973
Bank charges	16,608	14,599
Computer services	4,422	1,878
Insurance	2,299	1,910
Memberships and licenses	1,645	-
Occupancy costs	24,779	2,383
Office	37,376	20,762
Online processing fees	45,458	30,094
Professional fees	8,987	5,586
Telephone	8,492	7,029
Translation fees	-	21,570
Travel	26,393	28,917
	<u>293,698</u>	<u>205,346</u>
Excess of revenues over expenses before donations to research	736,106	1,336,859
Donations to research - General	388,445	1,100,000
Excess of revenues over expenses	\$ 347,661	\$ 236,859

National Pancreatic Cancer Canada Foundation Statement of Cash Flows

For the year ended December 31	2013	2012
		(unaudited)
Cash flows from operating activities		
Cash receipts from donors and supporters	\$ 1,094,862	\$ 1,237,750
Cash paid to suppliers, recipients and employees	(744,953)	(1,366,962)
Bank charges paid	(16,608)	(14,599)
	333,301	(143,811)
Cash flows from investing activities		
Purchase of term deposit	(400,000)	-
Proceeds on disposal of investments	8,379	5,104
Acquisition of tangible capital assets	(5,978)	(1,709)
	(397,599)	3,395
Net decrease in cash	(64,298)	(140,416)
Cash, beginning of the year	440,931	581,347
Cash, end of year	\$ 376,633	\$ 440,931

National Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2013

1. Significant Accounting Policies

Purpose of Foundation	National 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.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
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 revenues and expenses during the reporting year.
Revenue Recognition	<p>The Foundation follows the deferral method of accounting for contributions. 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 revenues are recognized when received.</p>
Financial Instruments	<p><u>Measurement</u> The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost.</p> <p>The financial instruments measured at amortized cost are cash, term deposit, harmonized sales tax receivable, investments and accounts payable and accrued liabilities.</p> <p><u>Impairment</u> Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.</p> <p><u>Transaction costs</u> Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.</p>

National Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2013

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	Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following method and annual rates: <table border="0" style="margin-left: 20px;"> <tr> <td>Computers</td> <td style="text-align: right;">45% diminishing balance basis</td> </tr> <tr> <td>Furniture and equipment</td> <td style="text-align: right;">20% diminishing balance basis</td> </tr> </table>	Computers	45% diminishing balance basis	Furniture and equipment	20% diminishing balance basis
Computers	45% diminishing balance basis				
Furniture and equipment	20% diminishing balance basis				
Impairment of Tangible Capital Assets	When a tangible capital asset no longer has any long-term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.				
Contributed Services	Volunteers contribute numerous hours per year to assist the Foundation in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.				
Contributed Materials and Services	Contributed materials and services 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.				

2. Tangible Capital Assets

	2013		2012	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers	\$ 5,013	\$ 3,005	\$ 2,391	\$ 1,363
Furniture and equipment	4,504	1,396	1,148	619
	\$ 9,517	\$ 4,401	\$ 3,539	\$ 1,982
Net value		\$ 5,116		\$ 1,557

National Pancreatic Cancer Canada Foundation

Notes to Financial Statements

December 31, 2013

3. Commitments

The Foundation has entered in donation commitments with The Ottawa Hospital for \$10,000 per year which expires in 2015 and with the Princess Margaret Cancer Centre for \$200,000 per year which expires in 2016, which is subject to certain conditions. The Board of Directors have also committed \$100,000 per year in 2014 and 2015 to its Medical Advisory Board's Innovative Grant Competition.

The Foundation leases its premises under a lease expiring in April 2015. Future minimum lease payments total \$10,500 and include the following payments over the next two years:

2014	\$	7,875
2015	\$	2,625

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 are first made from restricted funds and then from unrestricted funds. In 2013, of the \$388,455 (2012 - \$1,100,000) in donations to research, \$250,000 (2012 - \$200,000) were made from the internally restricted funds and \$60,000 (2012 - \$810,000) were made from the externally restricted funds.

In 2013, the Board of Directors of the Foundation approved an internally restricted amount of \$450,000 (2012 - \$250,000) for research purposes.

5. Financial Instruments

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is exposed to this risk on its fixed interest rate term deposit. This financial instrument subjects the Foundation to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

6. Comparative Figures

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