



Financial Statements

Canadian Liver Foundation

December 31, 2014

Contents

	Page
Independent Auditors' Report	1 - 2
Statement of Operations	3
Statement of Fund Balances	4
Statement of Financial Position	5
Statement of Cash Flows – General Fund	6
Notes to the Financial Statements	7 - 14
Schedule of Research Trust Funds	15 - 16



Independent Auditors' Report

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To the Directors of
Canadian Liver Foundation

We have audited the accompanying financial statements of Canadian Liver Foundation ("the Foundation"), which comprise the statement of financial position as at December 31, 2014, and the statements of operations, fund balances 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many charitable organizations, the Foundation derives revenues from donations from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Canadian Liver Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditure, and cash flows from operations for the years ended December 31, 2014 and 2013, current assets as at December 31, 2014 and 2013, and net assets as at January 1, 2014 and 2013 and December 31, 2014 and 2013. Our audit opinion on the financial statements for the year ended December 31, 2013 was modified accordingly because of the possible effects of this limitation in 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 the Foundation as at December 31, 2014 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.



Toronto, Canada
May 11, 2015

Chartered Accountants
Licensed Public Accountants

Canadian Liver Foundation Statement of Operations

Year ended December 31

	General Fund		Research Trust Funds (Note 2)		Medical Research Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue								
Donations								
Unrestricted	\$ 3,449,085	\$ 3,387,814	\$ -	\$ 1,038,750	\$ -	\$ -	\$ 3,449,085	\$ 3,337,814
Restricted	-	-	-	-	-	-	1,129,223	1,038,750
Chapter revenue								
Unrestricted	1,367,313	1,320,648	-	-	-	-	1,367,313	1,320,648
Gaming	264,264	150,051	-	-	-	-	264,264	150,051
Restricted	-	-	-	8,021	-	-	-	8,021
Interest, dividends and realized capital gains	21,967	24,863	79,701	97,184	9,473	12,145	111,141	134,192
Unrealized gain on investments	61,333	36,063	186,983	146,614	35,418	36,752	283,734	219,429
	<u>5,163,962</u>	<u>4,869,439</u>	<u>1,395,907</u>	<u>1,290,569</u>	<u>44,891</u>	<u>48,897</u>	<u>6,604,760</u>	<u>6,208,905</u>
Expenditure								
Programs (Note 9)								
Chapter expenses	163,556	279,306	-	-	-	-	163,556	279,306
Gaming expenses	52,920	42,672	-	-	-	-	52,920	42,672
Education	663,082	625,977	-	-	-	-	663,082	625,977
Hepatitis C	-	-	583,188	592,715	-	-	583,188	592,715
CASL	-	-	55,430	680	-	-	55,430	680
Public information	406,025	440,008	-	-	-	-	406,025	440,008
Canadian Liver Research Group	-	-	2,904	40,938	-	-	2,904	40,938
Other	-	-	-	-	3,488	2,283	3,488	2,283
Research grants								
Graduate studentships	-	-	-	-	124,167	140,000	124,167	140,000
Operating grants	-	-	-	-	238,821	537,573	238,821	537,573
Summer studentships	-	-	-	-	16,000	20,000	16,000	20,000
CLF-CNTRP	-	-	45,924	163,005	-	45,000	45,924	208,005
CLF-International training program	-	-	-	559	-	20,000	-	20,559
CLF-Sexton Liver Cancer Research	-	-	-	-	57,000	57,000	57,000	57,000
Dalhousie GI & Liver Research	-	-	-	-	25,033	-	25,033	-
Liver Transplant Research	-	-	-	-	100,000	-	100,000	-
Operating								
Fundraising	1,672,972	1,923,185	-	-	-	-	1,672,972	1,923,185
Administration	1,373,200	1,291,706	-	-	-	-	1,373,200	1,291,706
	<u>4,331,755</u>	<u>4,602,854</u>	<u>687,446</u>	<u>797,897</u>	<u>564,509</u>	<u>821,856</u>	<u>5,583,710</u>	<u>6,222,607</u>
Excess (deficiency) of revenue over expenditure	\$ 832,207	\$ 266,585	\$ 708,461	\$ 492,672	\$ (519,618)	\$ (772,959)	\$ 1,021,050	\$ (13,702)

See accompanying notes to the financial statements.

Canadian Liver Foundation Statement of Fund Balances

Year ended December 31

	General Fund		Research Trust Funds (Note 2)		Medical Research Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Fund balance, beginning of year	\$ 959,365	\$ 701,740	\$ 2,281,178	\$ 2,060,505	\$ 1,084,000	\$ 1,576,000	\$ 4,324,543	\$ 4,338,245
Excess (deficiency) of revenue over expenditure for the year	832,207	266,585	708,461	492,672	(519,618)	(772,959)	1,021,050	(13,702)
Interfund transfers to support activities of the Medical Research Fund	(533,585)	(8,960)	(86,000)	(271,999)	619,585	280,959	-	-
Fund balance, end of year	\$ 1,257,987	\$ 959,365	\$ 2,903,639	\$ 2,281,178	\$ 1,183,967	\$ 1,084,000	\$ 5,345,593	\$ 4,324,543

The following is a summary of the above funds as at December 31 classified as restricted, unrestricted and committed:

	2014	2013
Externally restricted Research Trust Funds (Pages 15 - 16)	\$ 2,903,639	\$ 2,281,178
Committed for research (Note 6)	1,183,967	1,084,000
General fund	211,344	107,379
Geographically restricted (Note 3)	1,046,643	851,986
Unrestricted funds	<u>1,257,987</u>	<u>959,365</u>
	\$ 5,345,593	\$ 4,324,543

See accompanying notes to the financial statements.

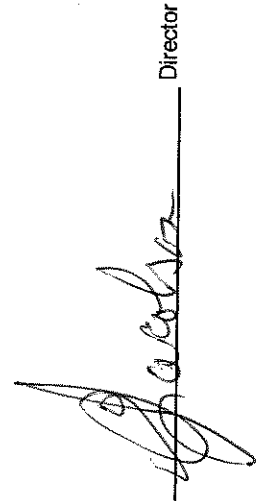
Canadian Liver Foundation Statement of Financial Position

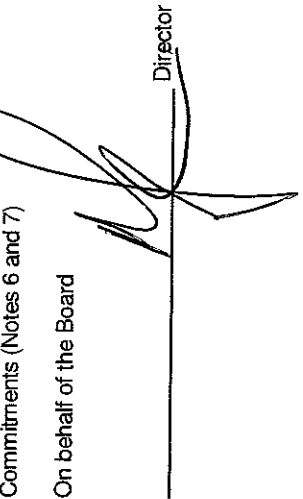
As at December 31,

	General Fund		Research Trust Funds (Note 2)		Medical Research Fund		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Assets								
Current								
Cash (Note 3)	\$ 688,920	\$ 820,494	\$ 348,235	\$ 334,132	\$ 687,950	\$ 234,778	\$ 1,725,105	\$ 1,389,404
Accounts receivable	109,824	121,199	160,000	3,000	60,000	-	329,824	124,199
Prepaid expenses	13,353	27,646	-	-	-	-	13,353	27,646
	812,097	969,339	508,235	337,132	747,950	234,778	2,068,282	1,541,249
Investments (Note 4)	676,094	281,697	2,395,404	1,944,046	436,017	849,222	3,507,515	3,074,965
Capital assets (Note 5)	119,892	136,453	-	-	-	-	119,892	136,453
	\$ 1,608,083	\$ 1,387,489	\$ 2,903,639	\$ 2,281,178	\$ 1,183,967	\$ 1,084,000	\$ 5,695,689	\$ 4,752,667
Liabilities								
Current								
Payables and accruals	\$ 210,229	\$ 267,536	\$ -	\$ -	\$ -	\$ -	\$ 210,229	\$ 267,536
Deferred lease inducement	20,721	20,721	-	-	-	-	20,721	20,721
	230,950	288,257	-	-	-	-	230,950	288,257
Deferred lease inducement	119,146	139,867	-	-	-	-	119,146	139,867
	350,096	428,124	-	-	-	-	350,096	428,124
Fund balances	1,257,987	959,365	2,903,639	2,281,178	1,183,967	1,084,000	5,345,593	4,324,543
	\$ 1,608,083	\$ 1,387,489	\$ 2,903,639	\$ 2,281,178	\$ 1,183,967	\$ 1,084,000	\$ 5,695,689	\$ 4,752,667

Commitments (Notes 6 and 7)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

Canadian Liver Foundation
Statement of Cash Flows – General Fund

Year ended December 31

2014

2013

Increase (decrease) in cash

Operating		
Excess of revenue over expenditure for the year	\$ 832,207	\$ 266,585
Interfund transfer	(533,585)	(8,960)
Amortization	19,837	20,865
Unrealized gain on investments	<u>(61,333)</u>	<u>(36,063)</u>
	257,126	242,427
Change in non-cash operating assets and liabilities		
Accounts receivable	11,375	(30,293)
Prepaid expenses	14,293	(2,546)
Payables and accruals	<u>(57,307)</u>	<u>(149,764)</u>
	<u>225,487</u>	<u>59,824</u>
Financing		
Deferred lease inducement	<u>(20,721)</u>	<u>(20,691)</u>
Investing		
Purchase of investments	(676,072)	(281,674)
Proceeds from sale of investments	343,008	252,929
Purchase of capital assets	<u>(3,276)</u>	<u>-</u>
	<u>(336,340)</u>	<u>(28,745)</u>
Net (decrease) increase in cash	(131,574)	10,388
Cash, beginning of year	<u>820,494</u>	<u>810,106</u>
Cash, end of year	\$ <u>688,920</u>	\$ <u>820,494</u>

See accompanying notes to the financial statements.

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

1. Nature of operations

Canadian Liver Foundation (the "Foundation") was formed in 1969 under the laws of the Province of Ontario. In 1989, the Foundation was dissolved and its assets were transferred to another foundation with the same name incorporated under the Canada Corporations Act as a not-for-profit organization without share capital. The Foundation continued under the Canada Not-for-profit Corporations Act in 2014.

The objectives of the Foundation are to provide support for research and education in the causes, diagnosis, prevention and treatment of diseases of the liver. Programs have been designed by the Medical Advisory Board of the Foundation to support the training and research of Canadian investigators and for the further education of both the scientific community and the public. All programs are co-ordinated nationally to promote the most efficient use of available funds. The Foundation has established volunteer Chapters across Canada.

The Foundation is registered as a charity under Section 149(1)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Summary of significant accounting policies

These financial statements reflect the combined activity and financial position of the Foundation's National Office and its volunteer Chapters across Canada. The significant accounting policies followed in preparation of these financial statements are as follows:

Basis of presentation

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue and expenditure recognition

The accrual basis of accounting is used for reporting revenue and expenditure, except for unrestricted donations and bequests, which are accounted for on a cash basis.

Research projects are typically funded over a two to three year period, and therefore the revenue related to these projects is recorded on the accrual basis.

Research grants are accounted for as an expenditure on an annual basis in accordance with the terms of the respective funding agreements.

Fund accounting

The activities of the Foundation are accounted for utilizing the concepts of restricted fund accounting. Accordingly, three funds – General Fund, Research Trust Funds, reflecting seventeen externally restricted funds, and an internally restricted Medical Research Fund – have been established to account for the activities described below:

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

The **General Fund** reflects the health promotion, patient support, public information, fundraising and administration activities of the Foundation. Accordingly, all revenue received and expenditures incurred for these purposes, together with all unrestricted donations received are recorded in this fund.

The **Research Trust Funds** comprise the following seventeen externally restricted funds:

In 1981, the W.P. Gilbride Research Trust Fund was created in memory of a past president through donations made to the Foundation, specifically to sponsor the W.P. Gilbride Visiting Scientists program.

In 1993, the Sarah Ralston Endowment Fund was established in memory of Sarah Ralston. Contributions to this Fund are applied to paediatric liver research.

In 1995, the Chair of Hepatology Trust Fund was created to fund research studies at the St. Luc Hospital Hepatology Department affiliated with the University of Montreal.

In 2000, the Hepatitis C Program was established through Health Canada to enhance existing programs, as well as to provide new programs and services to people living with hepatitis C. In addition, the Foundation received funding to develop and distribute hepatitis C medical information to 35,000 Canadian physicians by mail. In 2002, the NCRTP-Hep C Trust Fund was established to support a national, multi-centre, trans-disciplinary program created to enhance research, training and knowledge translation in the area of hepatitis C.

In 2001, the Raj Bhargava Endowment Fund was established in memory of Raj Bhargava. Contributions to this fund are applied to research in the area of radiology of liver disease at the University of Alberta.

In 2004, the Irma Brecht Trust Fund was established in memory of Irma Brecht. Contributions to this fund are applied to research into the treatment, prevention and cure of liver disease, primarily hepatitis, in the province of Alberta.

In 2008, the CPHRG Trust Fund was established to support research in the area of paediatric hepatology including, but not limited to research on biliary atresia, paediatric autoimmune hepatitis and primary sclerosing cholangitis.

In 2008, the CASL Trust Fund was established as a collaborative partnership agreement between Canadian Liver Foundation and CASL (Canadian Association for the Study of Liver) to support the development and management of mutually agreeable research, education and advocacy programs.

In 2008, the MUHC Trust Fund was established as a collaborative partnership agreement to support research and education at the McGill University Health Centre in Montreal, Quebec.

In 2008, the Kenroc Trust Fund was established to support liver cancer research with funds provided by Kenroc Building Materials Co. Ltd., a Western Canada based construction company.

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

In 2010, the Canadian Liver Research Group Trust Fund was established to support a national, multi-centre project created to increase research investment and resources and to address patient care treatment issues in Canada.

In 2011, the CLF-Johnstone Research Trust Fund was established from a bequest to be used for the purposes of liver health research in the Province of Alberta.

In 2011, the CLF-Lee Liver Research Trust Fund was established as a cooperative partnership agreement to support mutually-agreeable liver research initiatives under the leadership of Dr. Samuel Lee.

In 2012, the CLF-Dalhousie Digestive Care & Endoscopy Trust Fund was established as a cooperative partnership agreement to support research and training with the Dalhousie University Division of Gastroenterology in Halifax, Nova Scotia.

In 2012, the CLF-CNTRP Trust Fund was established as a cooperative partnership agreement with the Canadian National Transplant Research Program (CNTRP) to enhance the survival and quality of life of Canadians needing transplantation, through multi-disciplinary, collaborative and leading-edge research.

In 2012, The CLF-International Training Program Trust Fund was established to support a Canadian-based clinical research training program in hepatology to address liver disease as a global health issue and to feature Canada as a Centre of Excellence for liver-related clinical research training.

In 2014, the CLF-RECAP Trust Fund was established as a cooperative partnership agreement with the Centre for Research, Education & Clinical Care of At-Risk Populations (R.E.C.A.P.) to research the health outcomes of a collaborative model of primary and specialized care with the objective of developing a cost-effective model of care for the prevention and management of hepatitis C in New Brunswick. The fund had no activity in the year ended December 31, 2014 and had a \$Nil balance at year-end.

The **Medical Research Fund** was established in 1990 to account for medical research projects established by the Board of Directors and supported primarily by the unrestricted funds of the Foundation. Donations received to fund specific medical research projects are also reflected in this fund.

Donated services and materials

These financial statements do not reflect the substantial value of services received during the year due to difficulties in determining the fair value. Donated materials are recorded as revenue when sold.

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies (continued)

Capital assets and amortization

Furniture, fixtures and equipment are amortized over their estimated useful lives using the declining balance method at 20% per annum with one half-year's amortization taken in the year of acquisition. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Deferred lease inducements

Deferred lease inducements are amortized over the 10 year term of the lease.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. These estimates are based on management's best efforts and knowledge of current events and actions the Foundation may undertake. The significant estimates in these financial statements have affected the general fund expense allocation (Note 9).

Financial instruments

Initial measurement

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably chosen to measure its investments in bonds and other fixed income instruments at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations for items measured at cost or amortized cost. The financial instruments measured at amortized cost are cash, accounts receivable and payables.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

2. Summary of significant accounting policies (continued)

Allocation of expenses

The Foundation engages in research and education programs. The costs of each program include costs directly related to providing the program, as well as an allocation of a number of general support expenses relating to personnel, premises and computer outsourcing that are common to the administration of the Foundation. Salaries and benefits are allocated to programs based on staff estimates of time spent on each functional area. Office rent and computer outsourcing costs are allocated between departments based on headcount and functional area. Fundraising costs are not allocated.

3. Restricted cash

Included in cash is \$211,344 (2013 - \$107,379) that was earned in gaming revenues, and which is restricted by the local authorities for use in the province where the gaming revenues were earned.

4. Investments

	<u>2014</u>	<u>2013</u>
Bonds	\$ 1,142,137	\$ 1,371,197
Equities	2,208,412	1,556,915
Units in income trusts	<u>156,966</u>	<u>146,853</u>
	<u>\$ 3,507,515</u>	<u>\$ 3,074,965</u>

Investments are stated at fair value at year end and have an original cost of \$3,300,994 (2013 - \$2,754,897).

5. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2014 Net Book Value</u>	<u>2013 Net Book Value</u>
Furniture, fixtures and equipment	\$ 395,496	\$ 371,098	\$ 24,398	\$ 26,811
Leasehold improvements	<u>169,902</u>	<u>74,408</u>	<u>95,494</u>	<u>109,642</u>
	<u>\$ 565,398</u>	<u>\$ 445,506</u>	<u>\$ 119,892</u>	<u>\$ 136,453</u>

Canadian Liver Foundation Notes to the Financial Statements

December 31, 2014

6. Research commitments

The Foundation has awarded a number of multi-year research grants which will be funded as the research progresses and agreed reporting criteria have been met. Funding committed in future years is as follows:

2015	\$	549,967
2016		427,000
2017		<u>207,000</u>
	\$	<u>1,183,967</u>

Subsequent to year end, at its January 2015 meeting, the Board committed to fund \$612,000 for new Liver Research in Canada projects subject to peer review by the Foundation's Medical Advisory Committee and the Canadian Association for the Study of the Liver (CASL) Research Committee. The Board also approved \$100,000 in designated liver research grants, which have been reviewed and approved by the Foundation's Medical Advisory Committee and will be paid out according to funding schedules established between the Foundation and the researchers. Both of these commitments are reflected in the total research commitments of \$1,183,967.

7. Commitments

In addition to the research commitments described in Note 6, at December 31, 2014, minimum payments under operating leases for rental of premises and equipment over the next five fiscal years and thereafter approximate the following:

2015	\$	444,176
2016		301,025
2017		282,541
2018		257,352
2019		242,542
Thereafter		<u>413,000</u>
	\$	<u>1,940,636</u>

8. Additional information required to meet Alberta Government and Program Support Services financial statement disclosure requirements

The total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was \$383,614 (2013 - \$454,457). The amounts paid as remuneration to a fundraising business, including expenses or fees paid by the Foundation on behalf of the fundraising business or as reimbursements to the fundraising business was \$1,045,224 (2013 - \$1,152,936).

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

9. General fund expense allocation

	<u>Chapter</u>	<u>Gaming</u>	<u>Education</u>	<u>Public information</u>	<u>Fundraising</u>	<u>Administration</u>	<u>2014</u>
Direct costs	\$ 11,818	\$ 52,920	\$ 303,140	\$ 90,770	\$ 1,483,968	\$ 361,932	\$ 2,304,548
Allocated costs							
Salaries and benefits	151,738	-	260,501	266,501	164,144	855,130	1,698,014
Office rent	-	-	65,164	31,930	16,291	111,895	225,280
Computer outsourcing	-	-	34,277	16,824	8,569	44,243	103,913
Total	<u>\$ 163,556</u>	<u>\$ 52,920</u>	<u>\$ 663,082</u>	<u>\$ 406,025</u>	<u>\$ 1,672,972</u>	<u>\$ 1,373,200</u>	<u>\$ 4,331,755</u>

	<u>Chapter</u>	<u>Gaming</u>	<u>Education</u>	<u>Public information</u>	<u>Fundraising</u>	<u>Administration</u>	<u>2013</u>
Direct costs	\$ 48,775	\$ 42,672	\$ 190,483	\$ 127,657	\$ 1,644,080	\$ 425,368	\$ 2,479,035
Allocated costs							
Salaries and benefits	230,531	-	336,634	263,909	254,390	728,434	1,813,898
Office rent	-	-	64,510	31,610	16,128	92,492	204,740
Computer outsourcing	-	-	34,350	16,832	8,587	45,412	105,181
Total	<u>\$ 279,306</u>	<u>\$ 42,672</u>	<u>\$ 625,977</u>	<u>\$ 440,008</u>	<u>\$ 1,923,185</u>	<u>\$ 1,291,706</u>	<u>\$ 4,602,854</u>

10. Letter of credit

The Foundation has access to a revolving demand credit facility bearing interest at Royal Bank of Canada prime rate plus 3.0% per annum to a maximum of \$100,000. The facility is secured by a general security agreement over all property. The balance outstanding under this facility was \$Nil at year end.

11. Financial instrument risk

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at December 31, 2014.

Credit risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to the Foundation. The Foundation's credit risk relates to its accounts receivable. In the opinion of management, the credit risk exposure to the Foundation is not significant due to the nature of its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations. The Foundation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Canadian Liver Foundation

Notes to the Financial Statements

December 31, 2014

11. Financial instrument risk (continued)

Market risk

Market risk is the risk that the fair value of or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk, and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. The Foundation is subject to interest rate risk on its fixed income instruments, as disclosed in Note 4.

Currency risk

Currency risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is subject to currency risk to the extent that investments are made in foreign currencies. Approximately 1% (2013 – 4%) of the Foundation's investments are in foreign equities.

Other price risk

Other price risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation is not subject to other price risks.

Canadian Liver Foundation Schedule of Research Trust Funds

Year ended December 31

	W.P. Gilbride		Sarah Ralston		Chair of Hepatology		Hepatitis C / NCRTP Programs		Raj Bhargava		Irma Brecht	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Balance, beginning of year	\$ 156,814	\$ 146,938	\$ 2,194	\$ 5,063	\$ 6,010	\$ 6,010	\$ 1,533,312	\$ 1,687,131	\$ 9,182	\$ 11,475	\$ 776	\$ 9,874
Transfer to Medical Research Fund in support of research	-	-	-	(4,000)	-	-	-	-	-	(13,000)	-	(10,000)
Contributions	-	-	-	-	-	-	198,000	276,021	-	-	-	-
Investment income	10,494	9,876	315	1,131	-	-	139,713	162,875	1,314	10,707	(9)	902
Program costs	-	-	-	-	-	-	(583,188)	(592,715)	-	-	-	-
Balance, end of year	<u>\$ 167,308</u>	<u>\$ 156,814</u>	<u>\$ 2,509</u>	<u>\$ 2,194</u>	<u>\$ 6,010</u>	<u>\$ 6,010</u>	<u>\$ 1,287,837</u>	<u>\$ 1,533,312</u>	<u>\$ 10,496</u>	<u>\$ 9,182</u>	<u>\$ 767</u>	<u>\$ 776</u>
	<hr/>											
	CPHRG		CASL		MUHC		CLF-Johnstone Research		Kenroc		CLF-Dalhousie	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Balance, beginning of year	\$ 4,261	\$ 3,773	\$ 94,017	\$ 68,996	\$ 70,620	\$ 63,192	\$ 477	\$ 3,372	\$ 4,299	\$ 6,258	\$ 9,695	\$ 342
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	(3,000)	(86,000)	(252,000)	-	-
Contributions	-	-	292,000	20,000	50,110	250	-	-	82,401	240,500	-	-
Investment income	485	488	21,096	5,701	8,562	7,178	116	105	4,462	9,541	7,265	9,353
Program costs	-	-	(55,430)	(680)	-	-	-	-	-	-	-	-
Balance, end of year	<u>\$ 4,746</u>	<u>\$ 4,261</u>	<u>\$ 351,683</u>	<u>\$ 94,017</u>	<u>\$ 129,292</u>	<u>\$ 70,620</u>	<u>\$ 593</u>	<u>\$ 477</u>	<u>\$ 5,162</u>	<u>\$ 4,299</u>	<u>\$ 16,960</u>	<u>\$ 9,695</u>

**Canadian Liver Foundation
Schedule of Research Trust Funds (continued)**

Year ended December 31

	Canadian Liver Research		CLF-Liver Research		CLF-CNTRP		CLF-International Training		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Balance, beginning of year	\$ 15,184	\$ 36,122	\$ 11,400	\$ 11,400	\$ 362,937	\$ -	\$ -	\$ 559	\$ 2,281,178	\$ 2,060,505
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	10,000	(96,000)	(272,000)
Contributions	-	20,000	-	-	506,712	500,000	-	(10,000)	1,129,223	1,046,771
Investment income	-	-	-	-	72,871	25,942	-	-	266,684	243,799
Program costs	(2,904)	(40,938)	-	-	(45,924)	(163,005)	-	(559)	(687,446)	(797,897)
Balance, end of year	\$ 12,280	\$ 15,184	\$ 11,400	\$ 11,400	\$ 896,596	\$ 362,937	\$ -	\$ -	\$ 2,903,639	\$ 2,281,178