



**Grant Thornton**

Financial Statements

**Canadian Liver Foundation**

December 31, 2015

# Contents

	<b>Page</b>
Independent Auditor's 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 Auditor's 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, 2015, 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 chapter and other revenues directly 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 revenue, excess of revenue over expenditure, and cash flows from operations 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, 2015 and 2014 and December 31, 2015 and 2014. Our audit opinion on the financial statements for the year ended December 31, 2015 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, 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.

Toronto, Canada  
May 16, 2016

*Grant Thornton LLP*

Chartered Professional 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	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenue</b>								
Donations								
Unrestricted	\$ 3,114,177	\$ 3,449,085	\$ -	\$ 1,129,223	\$ -	\$ -	\$ 3,114,177	\$ 3,449,085
Restricted	-	-	1,848,552	-	-	-	1,848,552	1,129,223
Chapter revenue								
Unrestricted	1,506,786	1,367,313	-	-	-	-	1,506,786	1,367,313
Gaming	73,383	264,264	-	-	-	-	73,383	264,264
Restricted	-	-	-	-	-	-	-	-
Interest, dividends and realized capital gains	35,148	21,967	94,484	79,701	9,947	9,473	139,579	111,141
Unrealized gain (loss) on investments	(10,519)	61,333	(32,049)	186,983	(5,984)	35,418	(48,552)	283,734
	<u>4,718,975</u>	<u>5,163,962</u>	<u>1,910,987</u>	<u>1,395,907</u>	<u>3,963</u>	<u>44,891</u>	<u>6,633,925</u>	<u>6,604,760</u>
<b>Expenditure</b>								
Programs (Note 9)								
Chapter	179,030	163,556	-	-	-	-	179,030	163,556
Gaming	31,135	52,920	-	-	-	-	31,135	52,920
Education	619,057	663,082	-	-	-	-	619,057	663,082
Public information	460,855	406,025	-	-	-	-	460,855	406,025
Research grants and programs	-	-	-	-	-	-	-	-
Graduate studentships	-	-	-	-	60,000	124,167	60,000	124,167
Operating grants	-	-	-	-	269,052	238,821	269,052	238,821
Summer studentships	-	-	-	-	12,000	16,000	12,000	16,000
CanHepC	-	-	353,442	583,188	-	-	353,442	583,188
CASL	-	-	142,189	55,430	-	-	142,189	55,430
Canadian Liver Research Group	-	-	8,098	2,904	-	-	8,098	2,904
CLF-CNTRP	-	-	729,815	45,924	-	-	729,815	45,924
CLF-Sexton Liver Cancer Research	-	-	-	-	57,000	57,000	57,000	57,000
CLF - RECAP	-	-	9,918	-	-	-	9,918	-
Dalhousie GI & Liver Research	-	-	-	-	100,000	25,033	100,000	25,033
Liver Transplant Research	-	-	-	-	828	3,488	828	3,488
Other	-	-	-	-	-	-	-	-
Operating	1,648,120	1,672,972	-	-	-	-	1,648,120	1,672,972
Fundraising	1,254,644	1,373,200	-	-	-	-	1,254,644	1,373,200
Administration	4,192,841	4,331,755	1,243,462	687,446	498,880	564,509	5,935,183	5,583,710
	<u>526,134</u>	<u>832,207</u>	<u>667,525</u>	<u>708,461</u>	<u>(494,917)</u>	<u>(519,618)</u>	<u>698,742</u>	<u>1,021,050</u>
Excess (deficiency) of revenue over expenditure	\$	\$	\$	\$	\$	\$	\$	\$

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	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Fund balance, beginning of year</b>	\$ 1,257,987	\$ 959,365	\$ 2,903,639	\$ 2,281,178	\$ 1,183,967	\$ 1,084,000	\$ 5,345,593	\$ 4,324,543
Excess (deficiency) of revenue over expenditure for the year	526,134	832,207	667,525	708,461	(494,917)	(519,618)	698,742	1,021,050
Interfund transfers to support activities of the Medical Research Fund	(300,915)	(533,585)	(600,000)	(86,000)	900,915	619,585	-	-
<b>Fund balance, end of year</b>	<b>\$ 1,483,206</b>	<b>\$ 1,257,987</b>	<b>\$ 2,971,164</b>	<b>\$ 2,903,639</b>	<b>\$ 1,589,965</b>	<b>\$ 1,183,967</b>	<b>\$ 6,044,335</b>	<b>\$ 5,345,593</b>

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

	2015	2014
Externally restricted Research Trust Funds (Pages 15 - 16)	\$ 2,971,164	\$ 2,903,639
Committed for research (Note 6)	1,589,965	1,183,967
General fund	42,248	211,344
Geographically restricted (Note 3)	1,440,958	1,046,643
Unrestricted funds	<u>1,483,206</u>	<u>1,257,987</u>
	<b>\$ 6,044,335</b>	<b>\$ 5,345,593</b>

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	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Assets</b>								
Current								
Cash (Note 3)	\$ 688,653	\$ 688,920	\$ 207,802	\$ 348,235	\$ 578,998	\$ 687,950	\$ 1,475,453	\$ 1,725,105
Accounts receivable	173,385	109,824	-	160,000	-	60,000	173,385	329,824
Prepaid expenses	23,901	13,353	-	-	-	-	23,901	13,353
	885,939	812,097	207,802	508,235	578,998	747,950	1,672,739	2,068,282
Investments (Note 4)	840,783	676,094	2,763,362	2,395,404	1,010,967	436,017	4,615,112	3,507,515
Capital assets (Note 5)	104,349	119,892	-	-	-	-	104,349	119,892
	\$ 1,831,071	\$ 1,608,083	\$ 2,971,164	\$ 2,903,639	\$ 1,589,965	\$ 1,183,967	\$ 6,392,200	\$ 5,695,689
<b>Liabilities</b>								
Current								
Payables and accruals	\$ 228,719	\$ 210,229	-	-	-	-	\$ 228,719	\$ 210,229
Deferred lease inducement	20,721	20,721	-	-	-	-	20,721	20,721
	249,440	230,950	-	-	-	-	249,440	230,950
Deferred lease inducement	98,425	119,146	-	-	-	-	98,425	119,146
	347,865	350,096	-	-	-	-	347,865	350,096
Fund balances	1,483,206	1,257,987	2,971,164	2,903,639	1,589,965	1,183,967	6,044,335	5,345,593
	\$ 1,831,071	\$ 1,608,083	\$ 2,971,164	\$ 2,903,639	\$ 1,589,965	\$ 1,183,967	\$ 6,392,200	\$ 5,695,689

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

2015

2014

Increase (decrease) in cash

<b>Operating</b>		
Excess of revenue over expenditure for the year	\$ 526,134	\$ 832,207
Interfund transfer	(300,915)	(533,585)
Amortization	19,413	19,837
Unrealized loss (gain) on investments	<u>10,519</u>	<u>(61,333)</u>
	255,151	257,126
Change in non-cash operating assets and liabilities		
Accounts receivable	(63,561)	11,375
Prepaid expenses	(10,548)	14,293
Payables and accruals	<u>18,490</u>	<u>(57,307)</u>
	<u>199,532</u>	<u>225,487</u>
<b>Financing</b>		
Deferred lease inducement	<u>(20,721)</u>	<u>(20,721)</u>
<b>Investing</b>		
Purchase of investments	(840,783)	(676,072)
Proceeds from sale of investments	665,575	343,008
Purchase of capital assets	<u>(3,870)</u>	<u>(3,276)</u>
	<u>(179,078)</u>	<u>(336,340)</u>
Net decrease in cash	(267)	(131,574)
Cash, beginning of year	<u>688,920</u>	<u>820,494</u>
Cash, end of year	\$ <u>688,653</u>	\$ <u>688,920</u>

See accompanying notes to the financial statements.



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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

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### 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.

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### 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 unless the amount can be reasonably estimated and ultimate collection is reasonably assured.

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 eighteen externally restricted funds, and an internally restricted Medical Research Fund – have been established to account for the activities described below:

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

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### 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 eighteen externally restricted funds:

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

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

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

**CanHepC (formally known as Hepatitis C Program)** was established in 2000 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 July 2015, the NCRTP-HepC program expanded the research program further and re-established itself as the Canadian Network on Hepatitis C (CanHepC). The main objective of the CanHepC is to establish a continuous pipeline from discovery to implementation to reduce hepatitis C transmission, cure and improve the quality of life of people with hepatitis C, and to work towards the elimination of hepatitis C infection in Canada.

**Raj Bhargava Endowment Fund** was established in 2001 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.

**Irma Brecht Trust Fund** was established in 2004 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.

**CPHRG Trust Fund** was established in 2008 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.

**CASL Trust Fund** was established in 2008 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.

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

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### 2. Summary of significant accounting policies (continued)

#### Fund accounting (continued)

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

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

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

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

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

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

**CLF-CNTRP Trust Fund** was established in 2012 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.

**Sexton Liver Cancer Research Trust Fund** was established in 2012 to support designated liver cancer research with donations from Ken Sexton of Regina, Saskatchewan.

**CLF-RECAP Trust Fund** was established in 2014 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.

**CLTN-CLF Trust Fund** was established in 2015 as a cooperative partnership agreement between the CLF and the Canadian Liver Transplant Network (CLTN) to support mutually-agreeable liver transplant research, education and advocacy programs. The fund had no activity in the year ended December 31, 2015 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.

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

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### 2. Summary of significant accounting policies (continued)

#### 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.

#### 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. Significant estimates in these financial statements include the allocation of general fund expenses (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.

# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

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.

#### 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 \$42,248 (2014 - \$211,344) 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>2015</u>	<u>2014</u>
Bonds	\$ 2,081,907	\$ 1,142,137
Equities	2,407,061	2,208,412
Units in income trusts	<u>126,144</u>	<u>156,966</u>
	<u>\$ 4,615,112</u>	<u>\$ 3,507,515</u>

Investments are stated at fair value at year end and have an original cost of \$4,144,597 (2014 - \$3,300,994).

### 5. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net Book Value</u>	<u>2014 Net Book Value</u>
Furniture, fixtures and equipment	\$ 399,366	\$ 376,364	\$ 23,002	\$ 24,398
Leasehold improvements	<u>169,902</u>	<u>88,555</u>	<u>81,347</u>	<u>95,494</u>
	<u>\$ 569,268</u>	<u>\$ 464,919</u>	<u>\$ 104,349</u>	<u>\$ 119,892</u>

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

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### 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:

2016	\$ 702,964
2017	526,999
2018	259,999
2019	<u>100,003</u>
	\$ <u>1,589,965</u>

Subsequent to year end, at its January 2016 meeting, the Board committed to fund \$880,000 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 \$25,000 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 \$1,589,965.

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### 7. Commitments

In addition to the research commitments described in Note 6, at December 31, 2015, minimum payments under operating leases for rental of premises and equipment over the next five fiscal years and thereafter approximate the following:

2016	\$ 415,668
2017	311,038
2018	284,733
2019	266,936
2020	234,566
Thereafter	<u>169,501</u>
	\$ <u>1,682,442</u>

The above commitments schedule includes the National lease which has 69 months remaining in the term.

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### 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 \$477,374 (2014 - \$383,614). 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 \$937,601 (2014 - \$1,045,224).

# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

### 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>2015</u>
Direct costs	\$ 31,886	\$ 31,135	\$ 231,324	\$ 123,523	\$ 1,362,652	\$ 353,925	\$ 2,134,445
Allocated costs							
Salaries and Benefits	147,144	-	289,544	289,119	260,921	763,785	1,750,513
Office rent	-	-	65,895	32,288	16,474	95,624	210,281
Computer Outsourcing	-	-	32,294	15,925	8,073	41,310	97,602
<b>Total</b>	<b>\$ 179,030</b>	<b>\$ 31,135</b>	<b>\$ 619,057</b>	<b>\$ 460,855</b>	<b>\$ 1,648,120</b>	<b>\$ 1,254,644</b>	<b>\$ 4,192,841</b>

	<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
<b>Total</b>	<b>\$ 163,556</b>	<b>\$ 52,920</b>	<b>\$ 663,082</b>	<b>\$ 406,025</b>	<b>\$ 1,672,972</b>	<b>\$ 1,373,200</b>	<b>\$ 4,331,755</b>

### 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 (2014 - \$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, 2015.

#### 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.

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2015

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### 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 denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates. The Foundation is exposed to currency risk as it invests in foreign currency bonds and equities totaling USD \$750,653, which are converted to the Foundation's functional currency (i.e. Canadian dollars) in determining fair value. Accordingly any change in fair value includes an element of foreign currency translation gain/loss as well as underlying change in market values for the foreign currency investments.

#### 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		CanHepC		Raj Bhargava		Irma Brecht	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Balance, beginning of year	\$ 167,308	\$ 156,814	\$ 2,509	\$ 2,194	\$ 6,010	\$ 6,010	\$ 1,287,837	\$ 1,533,312	\$ 10,496	\$ 9,182	\$ 767	\$ 776
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	298,000	198,000	-	-	-	-
Investment income	2,175	10,494	56	315	-	-	21,604	139,713	232	1,314	(1)	(9)
Program costs	-	-	-	-	-	-	(353,442)	(583,188)	-	-	-	-
Balance, end of year	\$ 169,483	\$ 167,308	\$ 2,565	\$ 2,509	\$ 6,010	\$ 6,010	\$ 1,253,999	\$ 1,287,837	\$ 10,728	\$ 10,496	\$ 766	\$ 767
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	CPHRG		CASL		MUHC		CLF-Johnstone Research		Kenroc		CLF-Dalhousie	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Balance, beginning of year	\$ 4,746	\$ 4,261	\$ 351,683	\$ 94,017	\$ 129,292	\$ 70,620	\$ 593	\$ 477	\$ 5,162	\$ 4,299	\$ 16,960	\$ 9,695
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	-	(100,000)	(86,000)	-	-
Contributions	-	-	300,000	292,000	3,000	50,110	-	-	91,882	82,401	-	-
Investment income	101	485	7,962	21,096	2,664	8,562	24	116	7,017	4,462	1,484	7,265
Program costs	-	-	(142,189)	(55,430)	-	-	-	-	-	-	-	-
Balance, end of year	\$ 4,847	\$ 4,746	\$ 517,456	\$ 351,683	\$ 134,956	\$ 129,292	\$ 617	\$ 593	\$ 4,061	\$ 5,162	\$ 18,444	\$ 16,960

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

Year ended December 31

	Canadian Liver Research		CLF-Liver Research		CLF-CNTRP		Sexton Liver Cancer Research		CLF-RECAP		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Balance, beginning of year	\$ 12,280	\$ 15,184	\$ 11,400	\$ 11,400	\$ 896,596	\$ 362,937	\$ -	\$ -	\$ -	\$ -	\$ 2,903,639	\$ 2,281,178
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	(500,000)	-	-	-	(600,000)	(86,000)
Contributions	-	-	-	-	643,878	506,712	500,000	-	11,792	-	1,848,552	1,129,223
Investment income	-	-	-	-	19,117	72,871	-	-	-	-	62,435	266,684
Program costs	(8,098)	(2,904)	-	-	(729,815)	(45,924)	-	-	(9,918)	-	(1,243,462)	(687,446)
Balance, end of year	\$ 4,182	\$ 12,280	\$ 11,400	\$ 11,400	\$ 829,776	\$ 896,596	\$ -	\$ -	\$ 1,874	\$ -	\$ 2,971,164	\$ 2,903,639