

Financial Statements of

**THE LEUKEMIA & LYMPHOMA  
SOCIETY OF CANADA/  
SOCIÉTÉ DE LEUCÉMIE &  
LYMPHOME DU CANADA**

Year ended June 30, 2010



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## AUDITORS' REPORT

To the Board of Directors of  
The Leukemia & Lymphoma Society of Canada/  
Société de Leucémie & Lymphome du Canada

We have audited the statement of financial position of The Leukemia & Lymphoma Society of Canada/Société de Leucémie & Lymphome du Canada as at June 30, 2010 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

August 6, 2010

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Financial Position

June 30, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 972,317	\$ 1,214,493
Investments (note 3)	1,843,053	1,757,240
Sundry receivables	1,776,410	1,555,176
Prepaid expenses	139,066	105,718
Other current assets	196,047	131,843
	4,926,893	4,764,470
Capital assets (note 4)	133,430	141,614
	\$ 5,060,323	\$ 4,906,084

## Liabilities and Fund Balances


Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 794,960	\$ 1,041,964
Grants and fellowships payable	646,776	756,600
Deferred revenue (note 6)	649,490	684,958
	2,091,226	2,483,522
Fund balances:		
Operating fund:		
Invested in capital assets	133,430	141,614
Unrestricted	1,203,497	1,127,750
	1,336,927	1,269,364
Restricted fund (note 8)	577,309	215,000
Endowment fund (note 9)	1,054,861	938,198
	2,969,097	2,422,562
Commitments (note 11)		
Guarantees (note 13)		
	\$ 5,060,323	\$ 4,906,084

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Revenue and Expenses

Year ended June 30, 2010, with comparative figures for 2009

				2010	2009
	Operating fund	Restricted fund	Endowment fund	Total	Total
<b>Revenue:</b>					
Contributions	\$ 12,577,383	\$ 176,367	\$ 89,074	\$ 12,842,824	\$ 11,902,078
Less direct donor benefit costs	1,460,017	–	–	1,460,017	1,269,080
	11,117,366	176,367	89,074	11,382,807	10,632,998
Bequests	145,685	477,856	–	623,541	234,353
Investment and other income (note 10)	114,230	–	–	114,230	64,559
Net unrealized gain (loss) on investments	23,131	–	–	23,131	(160,480)
	11,400,412	654,223	89,074	12,143,709	10,771,430
<b>Expenses:</b>					
Program services:					
Research	–	1,617,671	–	1,617,671	1,918,145
Public education	3,512,774	–	–	3,512,774	3,213,591
Patient support	1,781,038	–	–	1,781,038	1,826,221
	5,293,812	1,617,671	–	6,911,483	6,957,957
Support services:					
Fundraising	3,819,557	–	–	3,819,557	3,745,948
Management and general	866,134	–	–	866,134	1,132,745
	4,685,691	–	–	4,685,691	4,878,693
	9,979,503	1,617,671	–	11,597,174	11,836,650
Excess (deficiency) of revenue over expenses	\$ 1,420,909	\$ (963,448)	\$ 89,074	\$ 546,535	\$ (1,065,220)

See accompanying notes to financial statements.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Changes in Fund Balances

Year ended June 30, 2010, with comparative figures for 2009

	Operating fund				2010		2009	
	Invested in capital assets	Unrestricted fund	Restricted fund (note 8)	Endowment fund (note 9)	Total	Total	Total	
Fund balances, beginning of year	\$ 141,614	\$ 1,127,750	\$ 215,000	\$ 938,198	\$ 2,422,562	\$ 2,422,562	\$ 3,487,782	
Excess (deficiency) of revenue over expenses	(18,464)	1,439,373	(963,448)	89,074	546,535	546,535	(1,065,220)	
Interfund transfers - Restricted	-	(1,325,757)	1,325,757	-	-	-	-	
Interfund transfers - Endowment interest	-	(27,589)	-	27,589	-	-	-	
Investment in capital assets	10,280	(10,280)	-	-	-	-	-	
<b>Fund balances, end of year</b>	<b>\$ 133,430</b>	<b>\$ 1,203,497</b>	<b>\$ 577,309</b>	<b>\$ 1,054,861</b>	<b>\$ 2,969,097</b>	<b>\$ 2,969,097</b>	<b>\$ 2,422,562</b>	

See accompanying notes to financial statements.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

## Statement of Cash Flows

Year ended June 30, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 546,535	\$ (1,065,220)
Items not involving cash:		
Amortization	18,464	20,071
Net unrealized loss (gain) on investments	(23,131)	160,480
Change in non-cash operating working capital:		
Sundry receivables	(221,234)	(657,054)
Prepaid expenses	(33,348)	36,751
Other current assets	(64,204)	(30,000)
Accounts payable and accrued liabilities	(247,004)	29,743
Grants and fellowships payable	(109,824)	(225,611)
Deferred revenue	(35,468)	210,469
	(169,214)	(1,520,371)
Investing activities:		
Net change in investments	(62,682)	837,950
Additions to capital assets	(10,280)	(15,714)
	(72,962)	822,236
Decrease in cash	(242,176)	(698,135)
Cash, beginning of year	1,214,493	1,912,628
Cash, end of year	\$ 972,317	\$ 1,214,493

See accompanying notes to financial statements.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements

Year ended June 30, 2010

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The Leukemia & Lymphoma Society of Canada/Société de Leucémie & Lymphome du Canada (the "Organization") is a volunteer-driven organization whose mission is to cure leukemia, lymphoma, Hodgkin's disease and myeloma, and to improve the quality of life of patients and their families.

The Organization is incorporated without share capital under the Canada Corporations Act.

The Organization is registered as a charitable organization under the Income Tax Act (Canada) and is, therefore, not subject to income taxes if certain disbursement requirements are met.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles applied within the framework of the significant accounting policies summarized below:

### (a) Fund accounting:

The Organization follows the restricted fund method of accounting for contributions.

The Operating fund accounts for the Organization's program delivery and administrative activities.

The Restricted fund reports only restricted resources that are to be used for special purposes. The purposes are determined by the restrictions imposed by the contributors.

The Endowment fund reports resources contributed for endowment purposes. Investment income earned on resources of the Endowment fund is reported in the Restricted or Operating fund depending on the nature of any restrictions imposed by contributors of funds for endowment.

### (b) Revenue recognition:

Unrestricted contributions are recorded as revenue of the Operating fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions received from fundraising events that have not been completed are deferred until completion of the event.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

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## 1. Significant accounting policies (continued):

Restricted contributions for research are recognized as revenue of the Restricted fund.

Externally restricted endowment contributions are recognized as revenue of the Endowment fund.

Bequests are recorded as revenue when received or receivable if the underlying wills have been declared valid by the probate court and no other conditions are required to be met.

Restricted and unrestricted investment income is recognized as revenue when earned. Investment income, which is recorded on the accrual basis, includes income from pooled funds, interest and net realized gain (loss) on sale of investments.

### (c) Financial instruments other than investments:

Cash is designated as held-for-trading, which is measured at fair value. Sundry receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and grants and fellowships payable are classified as other financial liabilities, which are measured at amortized cost.

The Organization has adopted The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3861, Financial Instruments - Disclosure and Presentation. In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained within Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, the Organization has elected not to adopt these standards in its financial statements.



# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

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## 1. Significant accounting policies (continued):

### (d) Investments:

Investments are classified as held-for-trading and stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of revenue and expenses. Pooled funds are valued at year-end quoted market prices, where available. Where quoted prices are not available, estimated fair values are calculated using comparable investments. Transaction costs that are directly attributable to the acquisition of investments are not considered significant and are expensed when paid.

### (e) Capital assets:

Office furniture and equipment are recorded at cost and are amortized on a straight-line basis over their estimated useful lives of two to three years. Leasehold improvements are recorded at cost and amortized on a straight-line basis over the term of the lease.

### (f) Gifts in kind:

Donated material is only recorded when a fair market value can be reasonably estimated and when the materials are normally purchased by the Organization and would be paid for if not donated.

Included in contributions on the statement of revenue and expenses is \$10,292 (2009 - \$6,434) in donated shares.

### (g) Allocation of expenses:

The Organization classifies expenditures on the statement of revenue and expenses by function. Certain officers and employees perform a combination of program and support service functions; as a result, salaries are allocated based on functional activity. Other costs, including printing, postage and professional fees, have been allocated on an appropriate and consistent basis between the program and support services benefited.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

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## 1. Significant accounting policies (continued):

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Changes in accounting policies:

- (a) Effective July 1, 2009, the Organization adopted the amendments to CICA Handbook Section 4400, Financial Statement Presentation by Not-for-Profit Organizations. Adoption of these recommendations had no effect on the financial statements for the year ended June 30, 2010.
- (b) Effective July 1, 2009, the Organization adopted the amendments to CICA Handbook Section 1000, Financial Statement Concepts. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching of revenue and expense items. Adoption of these recommendations had no effect on the financial statements for the year ended June 30, 2010.
- (c) Effective July 1, 2009, the Organization adopted the amendments to CICA Handbook Section 4470, Disclosure of Allocated Expenses by Not-for-Profit Organization, which establish disclosure standards for organizations that choose to classify their expenses by function and allocate expenses from one function to another. The applicable disclosure is included in note 12.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

### 3. Investments:

	2010		2009	
	Cost	Fair value	Cost	Fair value
Cash	\$ 73,002	\$ 73,002	\$ 55,319	\$ 55,319
Pooled funds:				
Canadian equity	298,677	309,628	298,677	288,354
U.S. equity	523,542	453,016	523,543	444,231
EAFE equity	307,188	216,941	307,188	240,212
Bond	751,985	790,466	706,985	729,124
	<b>\$ 1,954,394</b>	<b>\$ 1,843,053</b>	<b>\$ 1,891,712</b>	<b>\$ 1,757,240</b>

(a) Investment risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the Organization and the associated operating environment. Investments are primarily exposed to market and foreign currency risks. The Organization has formal policies and procedures that establish target asset mix. The Organization's policies also require diversification of investments within categories and set limits on exposure to individual investments.

(b) Market risk:

Market risk arises as a result of trading in equity securities and pooled funds. Fluctuations in the market expose the Organization to a risk of loss. The Organization mitigates this risk through controls to monitor and limit concentration levels.

(c) Foreign currency risk:

Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Organization's foreign investments. The Organization does not hedge its foreign currency risk on these investments.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

## 4. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture and equipment	\$ 132,717	\$ 94,204	\$ 38,513	\$ 44,984
Leasehold improvements	120,438	25,521	94,917	96,630
	<b>\$ 253,155</b>	<b>\$ 119,725</b>	<b>\$ 133,430</b>	<b>\$ 141,614</b>

## 5. Accounts payable and accrued liabilities:

On July 1, 2004, the Organization entered into a business affiliation with The Leukemia & Lymphoma Society, a U.S. Charity (the "Society"). The purpose of the affiliation is to create a single North American presence in support of research into the causes of, and cures for, leukemia, lymphoma and myeloma.

As part of the affiliation agreement, the Society has undertaken to pay certain trade payable amounts of the Organization for which the Society will be reimbursed. At June 30, 2010, the amount owed to the Society totalled \$223,104 (2009 - \$506,793) and is included in accounts payable and accrued liabilities. The amount owing is non-interest bearing, is unsecured and has no specific repayment terms.

## 6. Deferred revenue:

	2010	2009
Balance, beginning of year	\$ 684,958	\$ 474,489
Amounts amortized into revenue	(684,958)	(474,489)
Amounts received	649,490	684,958
Balance, end of year	<b>\$ 649,490</b>	<b>\$ 684,958</b>

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

## 7. Management of capital:

The Organization defines its capital as the amounts included in its fund balances. The Organization's objective when managing its capital is to safeguard the Organization's ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the public. A portion of the Organization's capital is restricted in that the Organization is required to meet certain requirements in order to utilize its externally restricted funds, as described in note 1(a). The Organization sets the amount of internally restricted funds in proportion to risk, manages the fund structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

## 8. Restricted fund:

The Restricted fund includes the following:

	2010	2009
Internally restricted amounts (a)	\$ 125,000	\$ 125,000
Unspent externally restricted donations (b)	452,309	90,000
	<u>\$ 577,309</u>	<u>\$ 215,000</u>

(a) The Board of Directors has internally restricted amounts for research. The internally restricted amounts are not available without approval of the Board of Directors.

(b) During 2010, the Organization received donations of \$654,223 (2009 - \$163,412) externally restricted for research. These donations are recorded as revenue in the statement of revenue and expenses.

Research expenses flow through the Restricted fund. Funds are transferred from the Operating fund by interfund transfer to cover these expenses.

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

## 9. Endowment fund:

The Endowment fund includes the following:

	2010	2009
Rae Endowment Fund	\$ 260,114	\$ 260,114
The United Food & Commercial Workers ("UFCW") Endowment Fund	90,000	90,000
Bill Beattie Memorial Endowment Fund	577,537	488,463
Unspent investment income	127,210	99,621
	<u>\$ 1,054,861</u>	<u>\$ 938,198</u>

Amounts restricted for endowment purposes are subject to externally imposed restrictions, stipulating that the principal be maintained permanently. The amounts held in the Rae Endowment Fund are externally restricted to support research activities or to assist charitable organizations whose activities are within or similar to the Organization's objectives. The UFCW Endowment Fund is externally restricted to fund scholarships for Canadian universities to distribute to students enrolled in courses related to leukemia research. The Bill Beattie Memorial Endowment Fund is externally restricted to provide financial assistance to leukemia patients and families within the Province of Alberta.

Investment income may be spent for purposes as specified in the restrictive endowment agreements.

## 10. Investment and other income:

	2010	2009
Income from pooled funds	\$ 56,242	\$ 64,452
Interest	3,093	50,116
Net realized gain (loss) on sale of investments	19	(121,529)
Other	54,876	71,520
	<u>\$ 114,230</u>	<u>\$ 64,559</u>

Included in management and general expenses are investment management fees in the amount of \$23,360 (2009 - \$24,074).

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

## 11. Commitments:

The Organization is committed to rental payments and operating expenses under various operating leases and service agreements. Minimum annual payments under the terms of these leases and agreements are as follows:

2011	\$ 589,000
2012	428,000
2013	363,000
2014	368,000
2015	315,000
Thereafter	422,000
	\$ 2,485,000

## 12. Allocation of expenses:

General support expenses, including finance, facilities, human resources and operations, have been allocated as follows:

	2010	2009
Research	\$ 117,671	\$ 118,145
Public education	2,391,631	2,061,778
Patient support	1,131,270	1,127,338
Fundraising	2,541,318	2,510,442
Management and general	605,988	731,587
	\$ 6,787,878	\$ 6,549,290

# THE LEUKEMIA & LYMPHOMA SOCIETY OF CANADA/ SOCIÉTÉ DE LEUCÉMIE & LYMPHOME DU CANADA

Notes to Financial Statements (continued)

Year ended June 30, 2010

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## **13. Guarantees:**

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees are as follows:

- (a) The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the Organization agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) The Organization indemnifies all directors and volunteers for various items including, but not limited to, all costs to settle suits or actions due to services provided to the Organization, subject to certain restrictions. The Organization has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued with respect to these agreements.

## **14. Fair values of financial assets and liabilities:**

The fair value of investments is equal to the quoted market value, as disclosed in note 3. The fair values of other financial assets and liabilities, being cash, sundry receivables, accounts payable and accrued liabilities and grants and fellowships payable, approximate their carrying values due to the relatively short-term nature of these financial instruments.

## **15. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.