

**Multiple Myeloma Canada /
Myélome Multiple Canada**
Financial Statements
For the year ended December 31, 2017

**Multiple Myeloma Canada /
Myélome Multiple Canada
Financial Statements
For the year ended December 31, 2017**

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Revenue and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14
Supplementary Financial Information	
Schedule of General and Administrative Expenses	15



Tél./Tel: 514 931 0841
Télec./Fax: 514 931 9491
www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP
1000, rue De La Gauchetière O. Bureau 200
Montréal QC H3B 4W5 Canada

Independent Auditor's Report

**To the Board of Directors of
Multiple Myeloma Canada / Myélome Multiple Canada**

We have audited the accompanying financial statements of Multiple Myeloma Canada / Myélome Multiple Canada, which comprise the statement of financial position as at December 31, 2017, and the statements of revenue and expenditures, 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.

Independent Auditor's Report

Basis for Qualified Opinion

In common with many charitable organizations, the entity derives revenue from donations and cash receipts the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues other than grants and investment income, excess of revenue over expenditures, and cash flows for the years ended December 31, 2017 and December 31, 2016 assets and net assets as at December 31, 2017 and December 31, 2016.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Multiple Myeloma Canada / Myélome Multiple Canada as at December 31, 2017, 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.

BDO Canada S.F.L./S.E.N.C.R.L./LLP

Montréal, Québec
June 11, 2018

¹ CPA auditor, CA, public accountancy permit No. A122867

**Multiple Myeloma Canada / Myélome Multiple Canada
Statement of Financial Position**

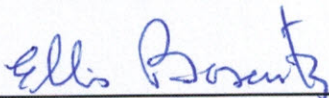
December 31	2017	2016
Assets		
Current		
Cash and cash equivalents	\$ 1,837,048	\$ 2,066,075
Prepaid expenses	8,257	-
Contributions receivable	221,349	106,581
Sales taxes receivable	22,726	90,366
Investments (Note 2)	978,155	508,052
	3,067,535	2,771,074
Capital assets (Note 3)	22,770	-
Intangible asset (Note 4)	27,341	-
	\$ 3,117,646	\$ 2,771,074


Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 5)	\$ 352,946	\$ 444,178
Deferred contributions (Note 6)	155,000	-
	507,946	444,178
Unrestricted net assets	2,609,700	2,326,896
	\$ 3,117,646	\$ 2,771,074

Commitments (Note 7)

On behalf of the Board

 _____ Director

 _____ Director

Multiple Myeloma Canada / Myélome Multiple Canada Statement of Revenue and Expenditures

For the year ended December 31	2017	2016
Revenue		
Industry grants	\$ 956,168	\$ 919,933
Fundraising events	655,525	560,346
Other contributions	176,979	199,301
Other revenue	53,659	80,343
Investments income	46,273	15,280
Realized gain (loss) on disposal of investments	41,047	(16,859)
Unrealized gain on investments at fair value	-	42,184
	<u>1,929,651</u>	<u>1,800,528</u>
Expenditures		
Science and research	488,254	522,967
Patient and education programs	342,792	252,437
General and administration (Schedule)	187,882	166,873
Access and advocacy	183,956	182,620
Fundraising	164,597	215,013
Awareness and communication	145,518	194,772
Governance	49,620	31,821
Unrealized loss on investments at fair value	54,217	-
Unrealized foreign exchange loss	30,011	6,246
	<u>1,646,847</u>	<u>1,572,749</u>
Excess of revenue over expenditures for the year	\$ 282,804	\$ 227,779

Multiple Myeloma Canada / Myélome Multiple Canada
Statement of Changes in Net Assets

For the year ended December 31	2017	2016
Unrestricted net assets, beginning of year	\$ 2,326,896	\$ 2,099,117
Excess of revenue over expenditures for the year	282,804	227,779
Unrestricted net assets, end of year	\$ 2,609,700	\$ 2,326,896

Multiple Myeloma Canada / Myélome Multiple Canada Statement of Cash Flows

For the year ended December 31	2017	2016
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 282,804	\$ 227,779
Items not affecting cash		
Realized gain (loss) on disposal of investments	(41,047)	16,859
Unrealized gain on investments at fair value	54,217	(42,184)
Amortization of capital assets	3,014	-
Amortization of intangible asset	5,468	-
Changes in non-cash working capital balances		
Prepaid expenses	(8,257)	-
Contributions receivable	(114,768)	4,122
Sales taxes receivable	67,640	(37,455)
Accounts payable and accrued liabilities	(91,232)	376,763
Deferred contributions	155,000	(78,993)
	<u>312,839</u>	<u>466,891</u>
Cash flows from investing activities		
Purchase of investments	(1,922,936)	(82,996)
Proceeds on disposal of investments	1,439,663	102,535
Purchase of capital assets	(25,784)	-
Purchase of intangible asset	(32,809)	-
	<u>(541,866)</u>	<u>19,539</u>
(Decrease) increase in cash and cash equivalents during the year	(229,027)	466,430
Cash and cash equivalents, beginning of year	2,066,075	1,579,645
Cash and cash equivalents, end of year	\$ 1,837,048	\$ 2,066,075

The accompanying notes are an integral part of these financial statements.

Multiple Myeloma Canada / Myélome Multiple Canada

Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies

Purpose of the Organization

Multiple Myeloma Canada / Myélome Multiple Canada is incorporated under the *Canada Corporations Act* as a not-for-profit organization and is a registered charity under paragraph 149 (1) (f) of the *Income Tax Act*. Multiple Myeloma Canada / Myélome Multiple Canada is the only national organization exclusively devoted to the Canadian myeloma community. As a patient-driven, patient-focused organization, Multiple Myeloma Canada / Myélome Multiple Canada works with leading myeloma researchers and clinicians as well as other cancer organizations and local support groups across Canada, strengthening the voice of the Canadian myeloma community and improving the quality of life of myeloma patients, their caregivers and families through education, awareness, advocacy and research.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue Recognition

The Organization 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, if any, industry grants, fundraising and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investments income is recognized when earned.

Contributed Services

In the course of its activities, the Organization uses the services of volunteers as well as services and materials provided without monetary compensation. Given that the organization does not pay for these services or materials and that it is impractical to estimate their fair value, they are not recognized in the financial statements.

Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful lives of the assets is provided at the following annual rates:

Computer equipment	3 years declining balance
Furniture and fixtures	5 years declining balance
Building improvements	10 years straight-line

Multiple Myeloma Canada / Myélome Multiple Canada Notes to Financial Statements

December 31, 2017

Intangible Asset

Intangible asset is stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is provided at the following annual rate:

Software	3 years declining balance
----------	---------------------------

Cash and Cash Equivalents

The policy of the Organization is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, and temporary investments with a maturity of three months or less from the date of acquisition.

Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period.

Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, contributions receivable, investments and accounts payable.

Measurement of Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost with the exception of investments quoted in an active market which are subsequently measured at fair value based on closing market prices.

Financial assets measured at amortized cost include cash, and contributions receivable.

Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable.

Multiple Myeloma Canada / Myélome Multiple Canada Notes to Financial Statements

December 31, 2017

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is not greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenditures.

Transaction Costs

The Organization recognizes its transaction costs for financial instruments at fair value in excess of revenue over expenditures in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Allocation of Expenses

The Organization engages in various programs related to their purpose as set out above. The cost of each program includes the costs of personnel that are directly related to providing these programs. The allocation is based on the time devoted to each program.

2. Investments

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Marketable securities	\$ 980,843	\$ 978,155	\$ 456,524	\$ 508,052

Multiple Myeloma Canada / Myélome Multiple Canada
Notes to Financial Statements

December 31, 2017

3. Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 8,791	\$ 1,465	\$ 7,326	\$ -
Furniture and fixtures	13,975	1,398	12,577	-
Building improvements	3,018	151	2,867	-
	\$ 25,784	\$ 3,014	\$ 22,770	\$ -

4. Intangible Asset

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Software	\$ 32,809	\$ 5,488	\$ 27,341	\$ -

5. Accounts Payable and Accrued Liabilities

	2017		2016	
Accounts payable	\$ 82,196	\$ 55,882	\$ 21,360	8,494
Accrued liabilities	21,360	8,494	12,446	8,262
Salaries and vacation payable	12,446	8,262	9,944	-
Government remittances	9,944	-	227,000	371,540
Contribution payable to a research organization	227,000	371,540	-	-
	\$ 352,946	\$ 444,178	\$ 227,000	\$ 371,540

Multiple Myeloma Canada / Myélome Multiple Canada Notes to Financial Statements

December 31, 2017

6. Deferred Contributions

The following summarizes the changes in deferred contributions related to projects carried out in the current year:

	2017	2016
Balance, beginning of year	\$ -	\$ 78,993
Deferred contributions received during the year	155,000	-
Less: amount recognized in revenue in the year	-	(78,993)
	\$ 155,000	\$ -

7. Commitments

The Organization has entered into a real estate lease agreement for its premises until March 2027 with future minimum lease payments as follows:

2018	\$	17,888
2019		17,888
2020		17,888
2021		17,888
2022		17,888
Thereafter		76,025
	\$	165,465

In addition, the organization plans to contribute a total of \$300,000 toward the Myeloma Canada Research Network ("MCRN"), which was incorporated in January 2016. The amounts are to be paid during the 2018 year upon MCRN's successful completion of a report detailing the accomplishment of stipulated milestones.

Multiple Myeloma Canada / Myélome Multiple Canada Notes to Financial Statements

December 31, 2017

8. Risks Arising from Financial Instruments

The Organization is exposed to various risks by virtue of holding financial instruments. There have been no changes to the Organization's exposure to those risks nor in how those risks are managed since the previous year.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Organization is exposed to currency risk in foreign currency rates resulting from U.S. dollar cash and cash equivalents and investments. At December 31, 2017, cash denominated in U.S. dollars expressed in Canadian dollars totaled \$543,820 (2016 - \$468,862) and investments denominated in U.S. dollars expressed in Canadian dollars totaled \$166,478 (2016 - \$168,053).

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk with respect to cash and cash equivalents and investments from the potential default by counterparties that carry the Organization's cash and cash equivalents and investments. The Organization mitigates the credit risk by dealing with only large financial institutions with good credit ratings. The Organization is also exposed to credit risk arising from its contributions receivable. The Organization works to ensure that the receivables meet all eligibility criteria in order to qualify to receive the funding.

The Organization has a concentration of credit risk with respect to contributions receivable from four organizations. As at December 31, 2017, these four contributors accounted for 93% of all contributions receivable (2016 - two contributors accounted for 82%).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is subject to liquidity risk on its accounts payable which arise from its daily operations. The Organization manages this risk by monitoring working capital and cash flows needs.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk 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 Organization is exposed to price risk from its investment portfolio. The Organization moderates this risk through the selection and diversification of securities held within the portfolio.

**Multiple Myeloma Canada / Myélome Multiple Canada
Notes to Financial Statements**

December 31, 2017

9. Comparative Figures

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

**Multiple Myeloma Canada / Myélome Multiple Canada
Schedule of General and Administrative Expenses**

For the year ended December 31	2017	2016
Salaries	\$ 66,336	\$ 40,730
Rent	35,310	18,080
Professional services	23,963	43,937
Accounting and legal	20,982	22,482
Stationery, postage and telephone	11,821	17,387
Licenses and memberships	10,050	5,673
Insurance	4,459	4,062
Bank and credit card fees	4,038	6,398
Office relocation	3,758	-
Amortization of capital assets	3,123	-
Repairs and maintenance	2,897	4,733
Traveling	1,145	3,391
	\$ 187,882	\$ 168,873