

Multiple Myeloma Canada /
Myélome Multiple Canada
Financial Statements
For the year ended December 31, 2019

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Financial Statements
For the year ended December 31, 2019

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Independent Auditor's Report

To the board of directors of
Multiple Myeloma Canada / Myélome Multiple Canada

Qualified Opinion

We have audited the financial statements of Multiple Myeloma Canada / Myélome Multiple Canada, which comprise the statement of financial position as at December 31, 2019, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Multiple Myeloma Canada / Myélome Multiple Canada as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 (deficiency) of revenue over expenditures, and cash flows for the years ended December 31, 2019 and December 31, 2018 assets and net assets as at December 31, 2019 and December 31, 2018.

Independent Auditor's Report

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada S.r.l./S.E.N.C.R.L./LLP¹

Montréal, Québec
July 6, 2020

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

Multiple Myeloma Canada / Myélome Multiple Canada
Statement of Financial Position

December 31 2019 2018

Assets

Current

Cash and cash equivalents	\$ 767,907	\$ 1,696,641
Prepaid expenses	17,767	7,330
Contributions receivable	25,182	57,329
Sales taxes receivable	18,304	29,430
Investments (Note 2)	2,037,795	951,870

2,866,955 2,742,600

Capital assets (Note 3)

29,530 23,239

Intangible assets (Note 4)

130,379 90,341

\$ 3,026,864 \$ 2,856,180

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 5)	\$ 115,744	\$ 298,499
Deferred contributions (Note 6)	110,000	-

225,744 298,499

Unrestricted net assets

2,801,120 2,557,681

\$ 3,026,864 \$ 2,856,180

Commitments (Note 7)

On behalf of the Board:

_____ Director

_____ Director

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

For the year ended December 31	2019	2018
Unrestricted net assets, beginning of the year	\$ 2,557,681	\$ 2,609,700
Excess (deficiency) of revenue over expenditures for the year	<u>243,439</u>	<u>(52,019)</u>
Unrestricted net assets, end of the year	<u>\$ 2,801,120</u>	<u>\$ 2,557,681</u>

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

For the year ended December 31	2019	2018
Revenue		
Industry grants	\$ 1,047,304	\$ 1,134,500
Fundraising events	775,412	679,462
Other contributions	348,681	363,712
Other revenue	39,234	43,379
Investment income	42,795	29,476
Unrealized foreign exchange gain	467	20,601
	<u>2,253,893</u>	<u>2,271,130</u>
Expenditures		
Science and research	497,545	819,226
Patient and education programs	584,783	478,825
General and administration (Schedule)	205,660	211,241
Access and advocacy	76,600	160,142
Fundraising	274,454	212,414
Awareness and communication	341,998	298,381
Governance	88,894	88,029
Unrealized (gain) loss on investments at fair value	(83,032)	50,124
Realized loss on disposal of investments	23,552	4,767
	<u>2,010,454</u>	<u>2,323,149</u>
Excess (deficiency) of revenue over expenditures for the year	<u>\$ 243,439</u>	<u>\$ (52,019)</u>

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

Multiple Myeloma Canada / Myélome Multiple Canada Statement of Cash Flows

For the year ended December 31	2019	2018
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ 243,439	\$ (52,019)
Items not affecting cash		
Realized loss on disposal of investments	23,552	4,767
Unrealized (gain) loss on investments at fair value	(83,032)	50,124
Amortization of capital assets	8,279	6,405
Amortization of intangible asset	44,139	23,536
	<u>236,377</u>	<u>32,813</u>
Changes in non-cash working capital balances		
Prepaid expenses	(10,437)	927
Contributions receivable	32,147	164,020
Sales taxes receivable	11,126	(6,704)
Accounts payable and accrued liabilities	(182,755)	(54,447)
Deferred contributions	110,000	(155,000)
	<u>196,458</u>	<u>(18,391)</u>
Cash flows from investing activities		
Purchase of investments	(1,668,183)	(546,374)
Proceeds on disposal of investments	641,738	517,768
Purchase of capital assets	(14,570)	(6,874)
Purchase of intangible asset	(84,177)	(86,536)
	<u>(1,125,192)</u>	<u>(122,016)</u>
Net decrease in cash and cash equivalents during the year	(928,734)	(140,407)
Cash and cash equivalents, beginning of the year	<u>1,696,641</u>	<u>1,837,048</u>
Cash and cash equivalents, end of the year	<u>\$ 767,907</u>	<u>\$ 1,696,641</u>

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

Multiple Myeloma Canada / Myélome Multiple Canada

Notes to Financial Statements

December 31, 2019

1. Significant Accounting Policies

Purpose of 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 The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

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:

	Method	Rate
Computer equipment	Declining balance	3 years
Furniture and fixtures	Declining balance	5 years
Building improvements	Straight-line	10 years

Multiple Myeloma Canada / Myélome Multiple Canada Notes to Financial Statements

December 31, 2019

1. Significant Accounting Policies (continued)

Intangible Asset	<p>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:</p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: left;">Method</th> <th style="text-align: left;">Rate</th> </tr> </thead> <tbody> <tr> <td>Software</td> <td>Declining balance</td> <td>3 years</td> </tr> </tbody> </table>		Method	Rate	Software	Declining balance	3 years
	Method	Rate					
Software	Declining balance	3 years					
Cash and Cash Equivalents	<p>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.</p>						
Foreign Currency Translation	<p>Foreign currency accounts are translated into Canadian dollars as follows:</p> <p>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.</p>						
Financial Instruments	<p>The Organization's financial instruments consist of cash and cash equivalents, contributions receivable, investments and accounts payable.</p> <p>Measurement of Financial Instruments</p> <p>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.</p> <p>Financial assets measured at amortized cost include cash, and contributions receivable.</p> <p>Financial assets measured at fair value include investments.</p> <p>Financial liabilities measured at amortized cost include accounts payable.</p>						

Multiple Myeloma Canada / Myélome Multiple Canada Notes to Financial Statements

December 31, 2019

1. Significant Accounting Policies (continued)

Financial Instruments (continued)	<p>Impairment</p> <p>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 revenues over expenditures.</p>
Allocation of Expenses	<p>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.</p>

Multiple Myeloma Canada / Myélome Multiple Canada
Notes to Financial Statements

December 31, 2019

2. Investments

The carrying amounts of investments are comprised of the following:

	2019	2018
Marketable securities at cost	\$ 2,007,575	\$ 1,004,682
Changes in fair value	30,220	(52,812)
Fair value	\$ 2,037,795	\$ 951,870

3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 30,235	\$ 11,018	\$ 15,665	\$ 5,053
Furniture and fixtures	13,975	5,925	13,975	3,913
Building improvements	3,018	755	3,018	453
	47,228	17,698	32,658	9,419
Net book value		\$ 29,530		\$ 23,239

4. Intangible Asset

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Software	\$ 203,523	\$ 73,144	\$ 119,346	\$ 29,005
Net book value		\$ 130,379		\$ 90,341

Multiple Myeloma Canada / Myélome Multiple Canada
Notes to Financial Statements

December 31, 2019

5. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts payable	\$ 60,754	\$ 149,651
Accrued liabilities	23,429	7,843
Salaries and vacation payable	30,488	26,174
Government remittances	1,073	14,831
Contribution payable to research program	-	100,000
	\$ 115,744	\$ 298,499

6. Deferred Contributions

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

	2019	2018
Balance, beginning of year	\$ -	\$ 155,000
Deferred contributions received during the year	110,000	-
Less: amount recognized in revenue in the year	-	(155,000)
Balance, end of year	\$ 110,000	\$ -

7. Commitments

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

2020	\$	16,898
2021		16,898
2022		19,094
2023		19,917
2024		21,146
Thereafter		69,438
	\$	163,391

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 amount is to be paid during the 2020 year.

Multiple Myeloma Canada / Myélome Multiple Canada

Notes to Financial Statements

December 31, 2019

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, 2019, cash denominated in U.S. dollars expressed in Canadian dollars totaled \$44,522 (2018 - \$43,573).

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 one organization. As at December 31, 2019, two contributors accounted for 75% of all contributions receivable (2018 - four contributors accounted for 85%).

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, 2019

9. Subsequent Events

Subsequent to year-end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Organization, its funders and donors. Management is actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. As a result, management anticipates a temporary decline in donation revenue and has postponed a number of its essential fundraisers. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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

For the year ended December 31	2019	2018
Salaries	\$ 55,696	\$ 85,620
Rent	44,118	47,035
Professional services	34,480	18,335
Accounting and legal	15,951	8,479
Insurance	13,963	9,460
License and memberships	10,920	13,540
Stationery, postage and telephone	10,040	14,213
Repairs and maintenance	9,689	2,032
Amortization of capital assets	5,881	4,907
Bank and credit card fees	2,651	6,342
Traveling	2,271	1,278
	<hr/>	<hr/>
	\$ 205,660	\$ 211,241
