Multiple Myeloma Canada / Myélome Multiple Canada

Financial Statements

For the year ended December 31, 2013

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Contents

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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, 2013, 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, 2013 and December 31, 2012, assets and net assets as at December 31, 2013 and December 31, 2012. Our audit opinion on the financial statements for the year ended December 31, 2012 was modified accordingly because of the possible effects of this limitation in scope.

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, 2013, 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 LLP / s.r.l. / S.E.N.C.R.L. [1]

Montréal, Québec
August 7, 2014

[1] CPA auditor, CA public accountancy permit no. A125523

Multiple Myeloma Canada / Myélome Multiple Canada
Statement of Financial Position

December 31		2013		2012
Assets				
Current				
Cash and cash equivalents (Note 2)	**$**	**1,098,070**	$	178,497
Accounts receivable		**60,054**		176,692
Sales taxes receivable		**34,722**		24,570
Short-term investments (Note 3)		**-**		857,055
	$	**1,192,846**	$	1,236,814
Liabilities and Net Assets				
Current				
Accounts payable and accrued liabilities (Note 4)	**$**	**33,779**	$	60,035
Deferred contributions (Note 5)		**-**		10,000
		33,779		70,035
Unrestricted net assets		**1,159,067**		1,166,779
	$	**1,192,846**	$	1,236,814

On behalf of the Board

_______________________ Director

_______________________ Director

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

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

For the year ended December 31	2013	2012
Revenue		
Industry grants		
Unrestricted	**$ 292,900**	$ 342,494
Restricted	**152,046**	223,277
Fundraising events	**325,960**	586,702
Other donations	**101,185**	84,461
Other revenue	**18,765**	22,669
Investment income	**18,371**	10,852
	909,227	1,270,455
Expenditures		
Science and research	**370,639**	412,854
Patient programs	**176,645**	187,278
Fundraising	**130,488**	134,185
Access and advocacy	**96,325**	67,354
General and administration (Note 4)	**107,727**	139,648
Communication	**12,183**	7,585
Governance	**12,287**	938
Awareness	**10,645**	23,423
Settlement of employee claim (recovery) (Note 4)	**-**	(2,303)
	916,939	970,962
(Deficiency) excess of revenue over expenditures for the year	**$ (7,712)**	$ 299,493

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

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

For the year ended December 31		2013		2012
Unrestricted net assets, beginning of year	**$**	**1,166,779**	$	867,286
(Deficiency) excess of revenue over expenditures for the year		**(7,712)**		299,493
Unrestricted net assets, end of year	**$**	**1,159,067**	$	1,166,779

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	2013	2012
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures for the year	**$ (7,712)**	$ 299,493
Changes in non-cash working capital balances		
Accounts receivable	**116,638**	(176,692)
Sales taxes receivable	**(10,152)**	(7,724)
Prepaid furniture	**-**	2,038
Accounts payable and accrued liabilities	**(26,256)**	(37,332)
Deferred contributions	**(10,000)**	(6,674)
	62,518	73,109
Cash flows from investing activities		
Purchase of investments	**-**	(1,202,055)
Maturity of short-term investments	**857,055**	845,000
	857,055	(357,055)
Increase (decrease) in cash and cash equivalents during the year	**919,573**	(283,946)
Cash and cash equivalents, beginning of year	**178,497**	462,443
Cash and cash equivalents, end of year	**$ 1,098,070**	$ 178,497

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

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, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment 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.

Cash and Cash equivalents

The policy of the company 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.

Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, short-term 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.

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

Financial liabilities measured at amortized cost include and accounts payable.

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. Cash and Cash Equivalents

Cash and cash equivalents include $900,000 (2012 - $Nil) of money market fund investments.

3. Short-term Investments

As of December 31, 2013, the organization did not hold any short-term investments. In the prior year, short-term investment consisted of term deposits maturing September 11, 2013 and November 7, 2013 bearing interest from 0.80% to 2.20% per annum.

4. Accounts Payable and Accrued Liabilities

	2013	2012
Accounts payable	**$ 425**	$ 24,681
Accrued liabilities	**21,000**	23,000
Vacation payable	**12,354**	12,354
	$ 33,779	$ 60,035

During the year, the organization did not engage any transactions with any related entity. In prior year, the organization engaged in transactions with an entity that the President of the organization is a partner in for an amount of $29,833 related solely to legal fees. Of this amount, $32,136 was included in general and administration expenditures and $2,303 was included as a recovery of settlement of employee claim expenditures.

5. Deferred Contributions

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

	2013	2012
Balance, beginning of year	**$ 10,000**	$ 16,674
Deferred contributions received during the year	**-**	10,000
Less: amount recognized in revenue in the year	**(10,000)**	(16,674)
	$ -	$ 10,000

6. Commitments

The company has entered into a real estate lease agreement for its premises until January 2015 with future minimum lease payments as follows:

2014	$ 10,277
2015	338
	$ 10,615

7. Financial Instruments

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. At December 31, 2013, cash denominated in U.S. dollars totaled $93,208 (2012 - $30,749).

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 from the potential default by counterparties that carry the company's cash. The organization mitigates the credit risk for cash by dealing with only large financial institutions with good credit ratings. The organization's cash is held with one financial institution. The organization is also exposed to credit risk arising from its accounts receivable. The organization works to ensure that the receivables meet all eligibility criteria in order to qualify to receive the funding.

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.

There has been no change to the organization's exposure to any of the above mentioned risks since the previous period.

8. Allocation of Expenses

Personnel costs of $219,216 (2012 - $139,353) were allocated from general and administration to the following areas:

	2013	2012
Patient programs	$ **86,928**	$ 66,074
Fundraising events	**54,887**	33,961
Science and research	**35,174**	23,174
Access and advocacy	**26,050**	13,645
Awareness campaign	**11,169**	1,063
Governance	**5,008**	427
	$ **219,216**	$ 138,344

9. Contingency

Two invoices, in the amount of $34,928, were delivered to the organization for professional services rendered in the current year. Based on the organization's estimation of services rendered by the service provider, the organization has recorded $13,000 in the accounts payable. In the opinion of management, the invoices are unfounded and will be dismissed during fiscal year 2014; therefore, no additional provision has been recorded in financial statements for the year ended December 31, 2013.