

Financial Statements of

# **BC CANCER FOUNDATION**

And Independent Auditors' Report thereon

Year ended March 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of BC Cancer Foundation

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the financial statements of BC Cancer Foundation (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 opinion.



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

## ***Auditors' 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 auditors' 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 the 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.

- 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 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 auditors' 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 auditors' report. However, future events or conditions may cause 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.
- 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada  
June 4, 2020

# BC CANCER FOUNDATION

Statement of Financial Position  
(Expressed in thousands of dollars)

March 31, 2020, with comparative information for 2019

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2020	Total 2019
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 13,172	\$ 28,064	\$ -	\$ 41,236	\$ 46,417
Amounts receivable and prepaids (note 4)	52	10,123	-	10,175	240
	13,224	38,187	-	51,411	46,657
Investments (note 5)	211	67,921	54,480	122,612	114,957
Funds held at the Vancouver Foundation (note 6)	1,407	-	-	1,407	1,546
Other assets (note 7)	1,219	-	-	1,219	1,103
	\$ 16,061	\$ 106,108	\$ 54,480	\$ 176,649	\$ 164,263
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable and accrued liabilities (note 8)	\$ 944	\$ 56	\$ 56	\$ 1,056	\$ 938
Accounts payable - BC Cancer (note 15(c))	11	6,012	-	6,023	4,750
	955	6,068	56	7,079	5,688
Interfund payable (receivable)	(2,671)	254	2,417	-	-
Net assets:					
Unrestricted fund	17,777	-	-	17,777	14,853
Restricted fund	-	99,786	-	99,786	84,211
Endowment fund	-	-	52,007	52,007	59,511
	17,777	99,786	52,007	169,570	158,575
	\$ 16,061	\$ 106,108	\$ 54,480	\$ 176,649	\$ 164,263

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# BC CANCER FOUNDATION

Statement of Operations

(Expressed in thousands of dollars)

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2020	Total 2019
<b>Revenue:</b>					
Fundraising	\$ 18,291	\$ 24,931	\$ 575	\$ 43,797	\$ 43,487
Charitable events (note 10)	3,141	8,191	-	11,332	12,661
Government grant	-	10,000	-	10,000	-
Investment income (note 5)	2,965	-	3,029	5,994	6,086
Other income	31	1,484	-	1,515	1,487
	24,428	44,606	3,604	72,638	63,721
Direct fundraising costs (note 11)	8,626	4,098	220	12,944	12,688
Net fundraising	15,802	40,508	3,384	59,694	51,033
<b>General and administration expenses:</b>					
Foundation Administration	3,371	-	-	3,371	3,260
Community Awareness & Public Engagement	1,563	-	-	1,563	1,471
	4,934	-	-	4,934	4,731
Excess of revenue over expenses before fair value adjustments on assets	10,868	40,508	3,384	54,760	46,302
Fair value adjustments on assets	(172)	(2,754)	(8,521)	(11,447)	(502)
Excess (deficiency) of revenue over expenses before support of research and other initiatives	10,696	37,754	(5,137)	43,313	45,800
Support provided to BC Cancer	-	32,318	-	32,318	33,282
Excess (deficiency) of revenues over expenses	\$ 10,696	\$ 5,436	\$ (5,137)	\$ 10,995	\$ 12,518

See accompanying notes to financial statements.

# BC CANCER FOUNDATION

Statement of Changes in Net Assets  
(Expressed in thousands of dollars)

Year ended March 31, 2020, with comparative information for 2019

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total 2020	Total 2019
Balance, beginning of year	\$ 14,853	\$ 84,211	\$ 59,511	\$ 158,575	\$ 146,057
Excess of revenue over expenses	10,696	5,436	(5,137)	10,995	12,518
Interfund transfers	(7,772)	10,139	(2,367)	-	-
Balance, end of year	\$ 17,777	\$ 99,786	\$ 52,007	\$ 169,570	\$ 158,575

See accompanying notes to financial statements.

# BC CANCER FOUNDATION

## Statement of Cash Flows

(Expressed in thousands of dollars)

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided from (used in):		
Operating:		
Excess of revenue over expenses	\$ 10,995	\$ 12,518
Items not involving cash:		
Gain on sale of investments	(87)	(124)
Amortization	-	1
Change in fair value of assets	11,447	502
Increase of other assets	(116)	(151)
Changes in non-cash operating working capital:		
Amounts receivable and prepaids	(9,935)	38
Accounts payable and accrued liabilities	118	245
Accounts payable - BC Cancer	1,273	4,750
	13,695	17,779
Investments:		
Net change in investments and funds held at Vancouver Foundation	(18,876)	(9,153)
Proceeds from other assets	-	375
	(18,876)	(8,778)
Increase (decrease) in cash and cash equivalents	(5,181)	9,001
Cash and cash equivalents, beginning of year	46,417	37,416
Cash and cash equivalents, end of year	\$ 41,236	\$ 46,417

See accompanying notes to financial statements.

# BC CANCER FOUNDATION

Notes to Financial Statements  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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## 1. Purpose of the Organization:

BC Cancer Foundation (the "Foundation") is incorporated under the Societies Act (British Columbia). The Foundation is an independent charitable organization that raises and stewards resources to support breakthrough research and enhancements to patient care through BC Cancer, part of the Provincial Health Services Authority (the "Authority").

The Foundation is a charitable organization registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes, under Registration Number 11881 8434 RR 0001. In order to maintain its status as a charitable organization registered under the Act, the Foundation must meet certain requirements within the Act. The Foundation and BC Cancer have "associated charity status" from Canada Revenue Agency.

## 2. Operations:

The Foundation is responsible for fundraising activities and supporting ongoing research for BC Cancer which includes the BC Cancer Research Centre, the Trev & Joyce Deeley Research Centre (at BC Cancer Victoria) and the BC Cancer's Genome Sciences Centre, as well as clinical, translational and outcomes research at all six BC Cancer Regional Centres.

## 3. Significant accounting policies:

These financial statements of the Foundation have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### (a) Fund accounting:

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting following the restricted fund method of accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board").

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of changes in net assets.

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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### 3. Significant accounting policies (continued):

#### (a) Fund accounting (continued):

For financial reporting purposes, the accounts have been classified into the following funds:

##### (i) Unrestricted:

The Unrestricted Fund accounts for the Foundation's general fundraising and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes. The Foundation's investments in capital assets are also included in the Unrestricted Fund.

##### (ii) Restricted:

The Restricted Fund includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by agreement, the fundraising appeal or as determined by the Board. These funds include those which are restricted for use in research, enhancements to patient care and other designated areas of the Foundation's support grant activities.

##### (iii) Endowment:

The Endowment Fund includes those funds where either donor or internal restrictions require that the principal be maintained by the Foundation on a permanent basis. A distribution of income earned is made annually on the recommendation of the Foundation's Board for spending purposes.

#### (b) Cash and cash equivalents:

Cash and cash equivalents consists of cash and highly liquid investments with terms to maturity of three months or less at the date of acquisition.

#### (c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is recorded on a straight-line basis over the estimated useful lives of the asset as follows:

Asset	Period
Office furniture and equipment	5 years

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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### 3. Significant accounting policies (continued):

(d) Revenue recognition:

Donations and bequests are recorded when received.

Endowment donations are recognized as revenue in the Endowment Fund. Other restricted donations are recognized as revenue of the Restricted Fund. Unrestricted donations are recognized as revenue of the Unrestricted Fund.

Investment income earned on the Endowment Fund is recognized as revenue of the Endowment Fund. Investment income earned on the Unrestricted and Restricted Funds is recognized as revenue of the Unrestricted Fund.

Grants are recorded as revenue in the fiscal year that the grants are authorized and when collection is reasonably assured.

(e) Support provided to BC Cancer:

Support provided to BC Cancer is recognized when a legal obligation is created.

(f) Contributed goods and services:

Contributed assets, which are transferred to the Foundation, are recognized at their fair market value in the financial statements at the time of acceptance by the Foundation, if determinable.

Volunteers contribute a significant amount of time each year to assist the Foundation in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

(g) Employee future benefits:

The employees of the Foundation are members of a multi-employer defined benefit plan and, accordingly, contributions are expensed as incurred.

(h) Allocation of expenses:

(i) Direct fundraising costs:

Direct fundraising costs include all third party fundraising program costs, event expenses and internal costs directly attributable to fundraising activities.

(ii) Foundation administration expenses and community awareness and public engagement expenses:

All expenses related to general management and administrative activities are expensed in the unrestricted fund in the period in which they are incurred. All expenses related to marketing and communication activities of the Foundation are expensed in the unrestricted fund in the period in which they are incurred as community awareness and public engagement expenses.

Foundation administrative and community awareness and public engagement expenses are not allocated to direct fundraising costs.

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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### 3. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation elected to carry all investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) 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 reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the valuation of assets held under other assets. Actual results could differ from those estimates.

### 4. Amounts receivable and prepaids:

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	2020	2019
Government grant receivable	\$ 10,000	\$ -
Amounts receivable	175	180
Prepaid expenses and deposits	-	60
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	\$ 10,175	\$ 240

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# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

## 4. Amounts receivable and prepaids (continued):

Amounts receivable include \$7 (2019 - \$43) from Friends of the BC Cancer Foundation, US (note 15(b)).

## 5. Investments:

	2020	2019
Money market funds, measured at fair value	\$ 2,231	\$ 1,393
Fixed income investments, measured at fair value	77,932	67,778
Equity investments, measured at fair value	42,449	45,786
	<u>\$ 122,612</u>	<u>\$ 114,957</u>

Under the Foundation's Investment Policy, investments are managed on a discretionary basis by the appointed external investment manager. The asset allocations as at year end are as follows:

	2020	2019
Money market funds	2%	1%
Fixed income investments	63%	59%
Equity investments	35%	40%
	<u>100%</u>	<u>100%</u>

The total return (loss) on the Endowment Fund portfolio for the fiscal year ended March 31, 2020 was approximately (9.1)% (2019 - 4.6%).

The total return (loss) on the Restricted Fund portfolio for the year ended March 31, 2020 was approximately (1.1)% (2019 - 3.6%).

Investment income earned during the year is comprised of the following:

	2020	2019
Interest and dividends	\$ 5,907	\$ 5,961
Realized net capital gain	87	124
	<u>\$ 5,994</u>	<u>\$ 6,085</u>

The fair value adjustment on assets recorded on the statement of operations includes unrealized loss on investments of \$11,447 (2019 - \$571).

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

## 6. Funds held at the Vancouver Foundation:

One of the Foundation's funds is administered by the Vancouver Foundation. The Foundation receives the net income generated after deduction of administrative costs. The contributed capital in the fund amounted to \$1,164 at March 31, 2020 (2019 - \$1,164), of which \$749 was contributed by the Foundation and \$415 by the Vancouver Foundation. Under the terms of the agreement, the Foundation is entitled to withdraw its contributions and proportionate earnings, with the exception of \$10 initially contributed which was expensed in 1981. The fair value of the capital in the fund amounted to \$2,216 at March 31, 2020 (2019 - \$2,436); however, only \$1,407 (2019 - \$1,546) in fair value, relating to the amount of the fund contributed by the Foundation which can be withdrawn, is presented as an asset on the statement of financial position in the unrestricted fund.

## 7. Other assets:

	2020	2019
Life insurance policies	\$ 1,219	\$ 1,103

The Foundation is named the beneficiary for various life insurance policies for which the respective donors have agreed to pay the life insurance premiums on behalf of the Foundation. These policies are irrevocable and are recorded at their estimated present value of the expected ultimate benefits as determined by management using a discounted cash flow approach and valuation assumptions, including mortality and discount rate. Any difference between the carrying value and actual cash received upon the realization of the policy is recognized as revenue and expense in the period of receipt.

## 8. Accounts payable and accrued liabilities:

There are no government remittances payable in accounts payable and accrued liabilities (2019 - nil).

## 9. Credit facilities:

As at March 31, 2020, the Foundation has four credit facilities available with the BMO Bank of Montreal as follows:

- (a) an operating line of credit for \$1,000, bearing interest at BMO's prime rate per annum;
- (b) a foreign exchange facility ("FEFC") line of credit for \$384 to allow the Foundation to purchase forward exchange contracts. The \$384 represents the risk equivalent of the credit facility amount;
- (c) an electronic funds transfer facility of \$250; and
- (d) a Corporate MasterCard facility for \$150.

No amounts were drawn on these facilities at March 31, 2020 (2019 - nil).

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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## 10. Charitable events:

	2020	2019
Charitable events revenue	\$ 11,332	\$ 12,661
Charitable event costs (note 11)	(4,976)	(5,044)
	\$ 6,356	\$ 7,617

Included in the above amounts are revenues of \$1,252 (2019 - \$1,487) and expenses of \$957 (2019 - \$1,108), which have been received and incurred associated with events being held subsequent to year end. The remaining revenues and expenses from these events will be recorded in the financial statements in the years ending March 31, 2021 & 2022.

## 11. Direct fundraising costs:

	2020	2019
Charitable event costs (note 10)	\$ 4,976	\$ 5,044
External fundraising costs	2,185	2,183
Internal direct fundraising costs	5,783	5,461
	\$ 12,944	\$ 12,688

## 12. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2019.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the accounts receivable and certain investments. The Foundation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The risk associated with investments is managed through the Foundation's established Investment Policy. It is management's opinion that the Foundation is not exposed to significant credit risks. There has been no change to the risk exposures from 2019.

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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## 12. Financial risks and concentration of credit risk (continued):

### (c) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Foundation is exposed to this type of risk as a result of investments in bonds and money market funds. The risk associated with investments is managed through the Foundation's established Investment Policy.

### (d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation has investments in equity investments (note 5) which are subject to risks arising from changes in market conditions and general market fluctuations (see note 17).

It is management's opinion that the Foundation is not exposed to significant currency risks.

## 13. Employee pension plan:

The Foundation and its employees contribute to the Municipal Pension Plan ("Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. The Plan has approximately 205,000 active members and approximately 101,000 retired members. Active members include 72 (2019 - 69) employees of the Foundation.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the Plan as at December 31, 2018 indicated a \$ 2,866,000 funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2021, with results available in the fall of 2022.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Foundation paid \$626 (2019 - \$611) for employer contributions to the Plan in fiscal 2020.

# BC CANCER FOUNDATION

Notes to Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended March 31, 2020

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## 14. Remuneration of directors, employees and contractors:

- (a) During the year, the Foundation paid \$1,951 (2019 - \$1,837) to the ten highest paid employees and contractors whose remuneration were greater than \$75.
- (b) In accordance with the bylaws of the Foundation, no compensation was paid to any Directors of the Foundation during the year.

## 15. Affiliated organizations:

- (a) The Foundation receives certain administrative services from the Authority, primarily information technology support. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.
- (b) The Foundation has established a non-profit corporation, Friends of the British Columbia Cancer Foundation, US ("Friends"), in Washington State, USA, which is recognized as a charitable organization under Section 501(c)(3) of the U.S. Internal Revenue Service code. Friends is able to provide written substantiation of gifts in order to allow donors to Friends to deduct their donations for U.S. federal income tax purposes. Donated funds raised by Friends are contributed to the Foundation. The Foundation does not account for Friends in these financial statements. As at March 31, 2020, Friends had no significant assets or liabilities. During the year, the Foundation received grants of \$93 (2019 - \$117) from Friends.
- (c) Amounts owing to BC Cancer arise from unpaid grants as at year end and are non-interest bearing.

## 16. Related party transactions:

The Foundation from time to time receives donation contributions from its employees and board members which are recognized in accordance with the Foundation's accounting policies over donations and contributions.

## 17. COVID-19 and impact on operations:

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

Subsequent to the year end, BC Cancer has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Reduction in revenues related to fundraising and charitable events, and unrealized losses on investments.
- Postponing charitable events to be held in the first 6 months of the 2021 fiscal year to 2022.
- Instituting a hiring freeze to manage payroll costs

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time. Management will continue to monitor the on-going financial impact on its cash and budget forecasts and adjusts its operations as required to ensure its ability to fulfill its obligations and continue operations.