



Financial Statements

Canadian Liver Foundation

December 31, 2020

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# Independent Auditor's Report

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Grant Thornton LLP  
11th Floor  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4  
T +1 416 366 0100  
F +1 416 360 4949

To the Directors of  
**Canadian Liver Foundation**

## Qualified opinion

We have audited the financial statements of Canadian Liver Foundation ("the Foundation"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, fund balances 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 possible 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 the Canadian Liver Foundation as at December 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 qualified opinion

In common with many not-for-profit and charitable organizations, the Foundation derives chapter and other revenues directly from the public, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019 and fund balances as at December 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 Foundation 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.

## 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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.
- 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 Foundation'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 Foundation'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 Foundation 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.



Toronto, Canada  
May 31, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Canadian Liver Foundation Statement of Operations

Year ended December 31, 2020

	General Fund		Research Trust Funds (Note 3)		Medical Research Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenue</b>								
Contributions								
Unrestricted donations	\$ 2,573,936	\$ 2,647,457	\$ -	\$ -	\$ -	\$ -	\$ 2,573,936	\$ 2,647,457
Government assistance (Note 12)	327,623	-	-	-	-	-	327,623	-
Chapter revenue								
Unrestricted	848,658	2,144,030	-	-	-	-	848,658	2,144,030
Gaming	132,215	154,737	-	-	-	-	132,215	154,737
Externally restricted receipts	-	-	50,000	-	-	-	50,000	-
Contributions for research programs	-	-	1,884,756	1,965,119	-	-	1,884,756	1,965,119
Externally restricted receipts	-	-	-	-	-	-	-	-
Interest, dividends and realized capital gains	16,214	123,264	40,390	241,067	4,682	22,009	61,286	386,340
Unrealized gain on investments	149,476	116,975	302,403	166,386	37,096	50,857	488,975	334,218
	<u>4,048,122</u>	<u>5,186,463</u>	<u>2,277,549</u>	<u>2,372,572</u>	<u>41,778</u>	<u>72,866</u>	<u>6,367,449</u>	<u>7,631,901</u>
<b>Expenditure</b>								
Direct program costs (Note 10)								
Education	520,677	691,902	-	-	-	-	520,677	691,902
Public information	379,492	442,070	-	-	-	-	379,492	442,070
Chapter	154,903	223,407	-	-	-	-	154,903	223,407
Gaming	28,977	14,828	-	-	-	-	28,977	14,828
Research and project restricted disbursements								
Canadian Liver Meeting	-	-	380,894	512,009	-	-	380,894	512,009
CASI	-	-	355,165	301,452	-	-	355,165	301,452
Operating grants	-	-	-	-	320,000	415,000	320,000	415,000
CanHepC	-	-	164,253	133,858	-	-	164,253	133,858
CLF-ONTRP	-	-	118,496	685,507	-	-	118,496	685,507
CLF - UCalgary	-	-	110,716	-	-	-	110,716	-
CaNAL CLF	-	-	67,558	251,478	-	-	67,558	251,478
CLF - SIDCN	-	-	42,634	-	-	-	42,634	-
Graduate studentships	-	-	19,095	-	24,536	10,000	24,536	10,000
CLF - HCV2021	-	-	-	17	-	-	-	17
Summer studentships	-	-	-	-	12,000	4,000	12,000	4,000
CIHR-CASI-CLF Fellowship	-	-	-	-	11,250	21,667	11,250	21,667
HepB Study Group	-	-	8,903	85,310	-	-	8,903	85,310
W.P. Gilbride	-	-	3,334	7,647	-	-	3,334	7,647
CLF - CanNASH	-	-	1,355	-	-	-	1,355	-
MUHC	-	-	1,175	-	-	-	1,175	-
Team Grant in Liver Cancer	-	-	-	-	-	100,000	-	100,000
Dalhousie GI & Liver Research	-	-	-	-	-	50,000	-	50,000
Liver Research Grant	-	-	-	-	-	20,000	-	20,000
CLTN-CLF	-	-	-	4,279	-	-	-	4,279
Other	-	-	-	-	1,829	1,931	1,829	1,931
Operating expenses								
Administration	1,331,798	1,501,326	-	-	-	-	1,331,798	1,501,326
Fundraising	1,075,339	1,447,481	-	-	-	-	1,075,339	1,447,481
	<u>3,491,186</u>	<u>4,321,014</u>	<u>1,273,578</u>	<u>1,981,557</u>	<u>369,615</u>	<u>622,598</u>	<u>5,134,379</u>	<u>6,925,169</u>
Excess (deficiency) of revenue over expenditure	\$ 556,936	\$ 865,449	\$ 1,003,971	\$ 391,015	\$ (327,837)	\$ (549,732)	\$ 1,233,070	\$ 706,732

See accompanying notes to the financial statements.

## Canadian Liver Foundation Statement of Fund Balances

Year ended December 31, 2020

	General Fund	Research Trust Funds (Note 3)	Medical Research Fund	Total
	2020	2020	2020	2020
<b>Fund balance, beginning of year</b>	\$ 1,980,228	\$ 4,225,030	\$ 853,500	\$ 7,058,758
Excess (deficiency) of revenue over expenditure for the year	556,936	1,003,971	(327,837)	1,233,070
Interfund transfers to support activities of the Medical Research Fund	48,744	(3,331)	446,768	706,732
<b>Fund balance, end of year</b>	<b>\$ 2,585,908</b>	<b>\$ 5,225,670</b>	<b>\$ 480,250</b>	<b>\$ 8,291,828</b>

The following is a summary of the above funds as at December 31 classified as restricted, unrestricted and committed:

Externally restricted Research Trust Funds (Pages 17 - 19)	2020	2019
	<b>\$ 5,225,670</b>	<b>\$ 4,225,030</b>
Committed for research (Note 6)	<b>480,250</b>	<b>853,500</b>
General fund		
Geographically restricted (Note 3)	103,238	139,909
Unrestricted funds	2,482,670	1,840,319
	<b>2,585,908</b>	<b>1,980,228</b>
	<b>\$ 8,291,828</b>	<b>\$ 7,058,758</b>

See accompanying notes to the financial statements.

# Canadian Liver Foundation Statement of Financial Position

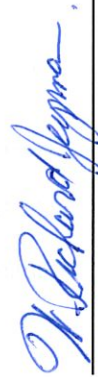
As at December 31, 2020

	General Fund		Research Trust Funds (Note 3)		Medical Research Fund		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Assets</b>								
Current								
Cash and cash equivalents	\$ 853,893	\$ 691,388	\$ 1,256,894	\$ 1,045,683	\$ 56,000	\$ 77,265	\$ 2,166,787	\$ 1,814,336
(Note 3)	82,006	106,214	-	38,645	-	-	82,006	144,859
Accounts receivable	91,965	24,173	-	-	-	-	91,965	24,173
Prepaid expenses	1,027,864	821,775	1,256,894	1,084,328	56,000	77,265	2,340,758	1,983,368
Investments (Note 4)	1,862,212	1,294,060	3,968,776	3,140,702	424,250	776,235	6,255,238	5,210,997
Capital assets (Note 5)	22,356	48,140	-	-	-	-	22,356	48,140
	<b>\$ 2,912,432</b>	<b>\$ 2,163,975</b>	<b>\$ 5,225,670</b>	<b>\$ 4,225,030</b>	<b>\$ 480,250</b>	<b>\$ 853,500</b>	<b>\$ 8,618,352</b>	<b>\$ 7,242,505</b>
<b>Liabilities</b>								
Current								
Payables and accruals	\$ 326,524	\$ 147,485	\$ -	\$ -	\$ -	\$ -	\$ 326,524	\$ 147,485
Deferred lease inducement	-	20,721	-	-	-	-	-	20,721
	<b>326,524</b>	<b>168,206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326,524</b>	<b>168,206</b>
Deferred lease inducement	-	15,541	-	-	-	-	-	15,541
	<b>326,524</b>	<b>183,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>326,524</b>	<b>183,747</b>
Fund balances	2,585,908	1,980,228	5,225,670	4,225,030	480,250	853,500	8,291,828	7,058,758
ese	<b>\$ 2,912,432</b>	<b>\$ 2,163,975</b>	<b>\$ 5,225,670</b>	<b>\$ 4,225,030</b>	<b>\$ 480,250</b>	<b>\$ 853,500</b>	<b>\$ 8,618,352</b>	<b>\$ 7,242,505</b>

Commitments (Notes 6 and 7)

On behalf of the Board

 Director

 Director

See accompanying notes to the financial statements.

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## Canadian Liver Foundation

### Statement of Cash Flows – General Fund

Year ended December 31

2020

2019

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess of revenue over expenditure for the year	\$ 556,936	\$ 865,449
Interfund transfer	48,744	(331,276)
Amortization	19,736	19,992
Loss on disposal of leasehold improvements	10,612	-
Gain on disposal of deferred lease inducement	(36,262)	-
Unrealized gain on investments	<u>(149,476)</u>	<u>(116,975)</u>
	450,290	437,190
Change in non-cash operating assets and liabilities		
Accounts receivable	24,208	9,808
Prepaid expenses	(67,792)	(12,915)
Payables and accruals	<u>179,040</u>	<u>(26,232)</u>
	<u>585,746</u>	<u>407,851</u>
<b>Financing</b>		
Deferred lease inducement	<u>-</u>	<u>(20,721)</u>
<b>Investing</b>		
Purchase of investments	(1,862,212)	(1,294,060)
Proceeds from sale of investments	1,443,536	900,853
Purchase of capital assets	<u>(4,565)</u>	<u>(4,059)</u>
	<u>(423,241)</u>	<u>(397,266)</u>
Net increase (decrease) in cash	162,505	(10,136)
Cash and cash equivalents, beginning of year	<u>691,388</u>	<u>701,522</u>
Cash and cash equivalents, end of year	<u>\$ 853,893</u>	<u>\$ 691,388</u>

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See accompanying notes to the financial statements.



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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2020

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### 1. Nature of operations

Canadian Liver Foundation (the "Foundation" or "CLF") was formed in 1969 under the laws of the Province of Ontario. In 1989, the Foundation was dissolved and its assets were transferred to another foundation with the same name incorporated under the Canada Corporations Act as a not-for-profit organization without share capital. The Foundation continued under the Canada Not-for-profit Corporations Act in 2014.

The objectives of the Foundation are to provide support for research and education in the causes, diagnosis, prevention and treatment of diseases of the liver. Programs have been designed by the Medical Advisory Board of the Foundation to support the training and research of Canadian investigators and for the further education of both the scientific community and the public. All programs are co-ordinated nationally to promote the most efficient use of available funds. The Foundation has established volunteer Chapters across Canada.

The Foundation is registered as a charity under Section 149(1)(f) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

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### 2. Summary of significant accounting policies

These financial statements reflect the combined activity and financial position of the Foundation's National Office and its volunteer Chapters across Canada. The significant accounting policies followed in preparation of these financial statements are as follows:

#### Basis of presentation

The Foundation has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

#### Fund accounting

The activities of the Foundation are accounted for utilizing the concepts of restricted fund accounting. Accordingly, three funds – General Fund, Research Trust Funds, and an internally restricted Medical Research Fund – have been established to account for the activities described below:

The **General Fund** reflects the health promotion, patient support, public information, fundraising and administration activities of the Foundation. Accordingly, all revenue received and expenditures incurred for these purposes, together with all unrestricted donations received are recorded in this fund.

The **Research Trust Funds** comprise the following 26 externally restricted funds:

The **W.P. Gilbride Research Trust Fund** was created in 1981 in memory of a past president through donations made to the Foundation, specifically to sponsor the W.P. Gilbride Visiting Scientists program.

The **Sarah Ralston Endowment Fund** was established in 1993 in memory of Sarah Ralston. Contributions to this Fund are applied to paediatric liver research.

The **Chair of Hepatology Trust Fund** was created in 1995 to fund research studies at the St. Luc Hospital Hepatology Department affiliated with the University of Montreal.

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## Canadian Liver Foundation

### Notes to the Financial Statements

December 31, 2020

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#### 2. Summary of significant accounting policies (continued)

##### Fund accounting (continued)

The **CanHepC (formally known as Hepatitis C Program)** was established in 2000 through Health Canada to enhance existing programs, as well as to provide new programs and services to people living with hepatitis C. In addition, the Foundation received funding to develop and distribute hepatitis C medical information to 35,000 Canadian physicians by mail. In 2002, the NCRTP-Hep C Trust Fund was established to support a national, multi-centre, trans-disciplinary program created to enhance research, training and knowledge translation in the area of hepatitis C. In July 2015, the NCRTP-HepC program expanded the research program further and re-established itself as the Canadian Network on Hepatitis C (CanHepC). The main objective of the CanHepC is to establish a continuous pipeline from discovery to implementation to reduce hepatitis C transmission, cure and improve the quality of life of people with hepatitis C, and to work towards the elimination of hepatitis C infection in Canada.

The **Raj Bhargava Endowment Fund** was established in 2001 in memory of Raj Bhargava. Contributions to this fund are applied to research in the area of radiology of liver disease at the University of Alberta.

The **CPHRG Trust Fund** was established in 2008 to support research in the area of paediatric hepatology including, but not limited to research on biliary atresia, paediatric autoimmune hepatitis and primary sclerosing cholangitis.

The **CASL Trust Fund** was established in 2008 as a collaborative partnership agreement between Canadian Liver Foundation and CASL (Canadian Association for the Study of Liver) to support the development and management of mutually agreeable research, education and advocacy programs.

The **MUHC Trust Fund** was established in 2008 as a collaborative partnership agreement to support research and education at the McGill University Health Centre in Montreal, Quebec.

The **Kenroc Trust Fund** was established in 2008 to support liver cancer research with funds provided by Kenroc Building Materials Co. Ltd., a Western Canada based construction company.

The **CLF-Dalhousie Digestive Care & Endoscopy Trust Fund** was established in 2012 as a cooperative partnership agreement to support research and training with the Dalhousie University Division of Gastroenterology in Halifax, Nova Scotia.

The **Canadian Liver Research Group Trust Fund** was established in 2010 to support a national, multi-centre project created to increase research investment and resources and to address patient care treatment issues in Canada. The fund had no activity in the year ended December 31, 2020 and had a \$Nil balance at year end.

The **CLF-Lee Liver Research Trust Fund** was established in 2011 as a cooperative partnership agreement to support mutually-agreeable liver research initiatives under the leadership of Dr. Samuel Lee.

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## Canadian Liver Foundation

### Notes to the Financial Statements

December 31, 2020

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#### 2. Summary of significant accounting policies (continued)

##### Fund accounting (continued)

The **Sexton Liver Cancer Research Trust Fund** was established in 2012 to support designated liver cancer research with donations from Ken Sexton of Regina, Saskatchewan. The fund had no activity in the year ended December 31, 2020 and had a \$Nil balance at year end.

The **CLF-CDTRP Trust Fund** (previously known as the CLF-CNTRP Trust Fund) was established in 2012 as a cooperative partnership agreement with the Canadian National Transplant Research Program (CNTRP) to enhance the survival and quality of life of Canadians needing transplantation, through multi-disciplinary, collaborative and leading-edge research. In 2019, the Canadian National Transplant Research Program (CNTRP) has changed its program name to the Canadian Donation and Transplantation Research Program (CDTRP).

The **CLF-RECAP Trust Fund** was established in 2014 as a cooperative partnership agreement with the Centre for Research, Education & Clinical Care of At-Risk Populations (R.E.C.A.P.) to research the health outcomes of a collaborative model of primary and specialized care with the objective of developing a cost-effective model of care for the prevention and management of hepatitis C in New Brunswick.

The **CLTN-CLF Trust Fund** was established in 2015 as a cooperative partnership agreement between the CLF and the Canadian Liver Transplant Network (CLTN) to support mutually-agreeable liver transplant research, education and advocacy programs.

The **CLF-Krahn Liver Research Trust Fund** was established in 2012 as a cooperative partnership agreement to support mutually-agreeable liver research initiatives under the leadership of Dr. Murray Krahn. The fund had no activity in the year ended December 31, 2020 and had a \$Nil balance at year end.

The **CCC-CLF Trust Fund** was established in 2016 as a cooperative partnership agreement between the CLF and the Cirrhosis Care Clinic based in Edmonton, Alberta to support mutually-agreeable liver research, education & patient support programs.

The **CaNAL-CLF Trust Fund** was established in 2017 as a cooperative partnership agreement between the CLF and the Canadian Network for Autoimmune Liver Disease (CaNAL) to support mutually-agreeable liver research projects.

The **HepB Study Group-CLF Trust Fund** was established in 2017 as a cooperative partnership agreement between the CLF and Principle Investigators Drs. Peter Kwan and Francis Ho to support the "H Be Proactive" Study on hepatitis B prevalence in the Greater Vancouver Area.

The **CLF-Canadian Liver Meeting Trust Fund** was established in 2017 as a cooperative partnership agreement between the CLF and the Canadian Association for the Study of the Liver (CASL) to support the Canadian Liver Meeting, which is a national liver medical conference delivering mutually-agreeable liver research and education objectives.

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## Canadian Liver Foundation

### Notes to the Financial Statements

December 31, 2020

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#### 2. Summary of significant accounting policies (continued)

##### Fund accounting (continued)

The **CLF-SIDCN Trust Fund** was established in 2019 as a cooperative partnership agreement between the CLF and the Saskatchewan Infectious Disease Care Network based in Saskatoon, Saskatchewan to support mutually-agreeable liver research, education & patient support programs to improve liver health in first Nations communities in Saskatchewan.

The **CLF-UCalgary Trust Fund** was established in 2019 as a cooperative partnership agreement between the CLF and the Governors of the University of Calgary to support mutually-agreeable liver research and education activities which will improve clinical care, increase research productivity and enhance education in liver disease in Southern Alberta.

The **CLF-HCV2021 Trust Fund** was established in 2019 as a cooperative partnership agreement between the CLF and the Canadian Secretariat of the 27<sup>th</sup> Symposium on Hepatitis C Virus and Related Viruses – HCV2021 (taking place July 2021 in Montreal) in order to work on a mutually-agreeable medical education symposium which will focus on hepatitis C virus elimination by bringing together researchers from around the world to discuss challenges and identify novel approaches to tackle them. The fund was formerly named HCV2020, which has been changed to HCV2021. This is due to the Symposium date being moved to 2021 due to the COVID-19 pandemic.

The **CLF-CanNASH Trust Fund** was established in 2019 as a cooperative partnership agreement between the CLF and the Steering Committee of the Canadian NASH Network in order to work on mutually-agreeable research, education and patient support activities related specifically to Non-Alcoholic Fatty Liver Disease (NAFLD) and Non-Alcoholic Steatohepatitis (NASH). The CanNASH is a collaborative organization of health care professionals from across Canada with a primary interest in enhancing understanding, care of, education and research in persons with NAFLD with a vision of best practices for the disease state.

The **CLF-OSM Trust Fund** was established in 2020 as a cooperative partnership agreement between the CLF and the Director of Omega Specialty Nurses in order to work on mutually-agreeable research, education and patient support activities related to liver disease. Omega Specialty Nurses (OSN) is a not-for-profit nursing organization focused on providing specialty nursing and allied healthcare provider services throughout Canada. OSN works collaboratively with partners and stakeholders who are motivated to bring care to patients. The first project will focus on educating and screening at-risk individuals and providing linkage to care for Hepatitis C positive individuals from Canada's Indigenous Communities.

The **Medical Research Fund** was established in 1990 to account for medical research projects established by the Board of Directors and supported primarily by the unrestricted funds of the Foundation. Donations received to fund specific medical research projects are also reflected in this fund.

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Revenue and expenditure recognition

The accrual basis of accounting is used for reporting revenue and expenditure, except for unrestricted donations and bequests, which are accounted for on a cash basis unless the amount can be reasonably estimated and ultimate collection is reasonably assured. The Foundation recognizes government assistance towards current expenses in the statement of operations.

#### Funds for designated projects

Funds for Research and Education projects that are restricted by the funders for specific purposes are recorded as receipts directly in either the appropriate Research Trust Funds or Medical Research Funds as designated under the terms of the relevant agreement.

Research projects are typically funded over a two to three year period. The receipts that are restricted for application to these projects are recorded on receipt of the funding.

Research grants disbursements are recorded as incurred in accordance with the terms of the respective funding agreements.

#### Donated services and materials

These financial statements do not reflect the substantial value of services received during the year due to difficulties in determining the fair value. Donated materials are recorded as revenue when sold.

#### Capital assets and amortization

Furniture, fixtures and equipment are amortized using the straight line method over 5 years. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

#### Deferred lease inducements

Deferred lease inducements are amortized over the 10 year term of the lease.

#### Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. These estimates are based on management's best efforts and knowledge of current events and actions the Foundation may undertake. Significant estimates in these financial statements include the allocation of general fund expenses (Note 10).

#### Allocation of expenses

The Foundation engages in research and education programs. The costs of each program include costs directly related to providing the program, as well as an allocation of a number of general support expenses relating to personnel, premises and computer outsourcing that are common to the administration of the Foundation. Salaries and benefits are allocated to programs based on staff estimates of time spent on each functional area. Office rent and computer outsourcing costs are allocated between departments based on headcount and functional area. Fundraising costs are not allocated.

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

##### *Initial measurement*

The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### *Subsequent measurement*

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably chosen to measure its investments in bonds and other fixed income instruments at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Foundation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations for items measured at cost or amortized cost. The financial instruments measured at amortized cost are cash, accounts receivable and payables.

For financial assets measured at cost or amortized cost, the Foundation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Foundation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

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### 3. Restricted cash

Included in cash and cash equivalents are restricted amounts as follows:

#### a) Gaming revenues

\$103,238 (2019 - \$139,909) earned in gaming revenues, and which is restricted by the local authorities for use in the province where the gaming revenues were earned.

#### b) Investments held in cash and cash equivalents

\$739,125 (2019 - \$450,320) being held in the Foundation's investment account in accordance with the Investment Policy Statement (IPS) approved by the Foundation's Board of Directors. This amount is intended for deployment in investing activities under the Foundation's IPS and as such is not generally available for use towards operating expenses. As at December 31, 2020, \$40,090 (2019 - \$121,870) of this restricted balance has been used towards the purchase of investments which were processed by the investment manager subsequent to year end.

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## Canadian Liver Foundation

### Notes to the Financial Statements

December 31, 2020

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#### 4. Investments

	2020	2019
Cash and cash equivalents	\$ 739,125	\$ 450,320
Bonds	1,597,178	1,520,497
Equities	4,438,058	3,368,171
Units in income trusts	220,002	322,329
	6,994,363	5,661,318
Less cash and cash equivalents (Note 3(b))	(739,125)	(450,320)
	\$ 6,255,238	\$ 5,210,997

Investments are stated at fair value at year end and have an original cost of \$4,854,780 (2019 - \$4,137,909).

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#### 5. Capital assets

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Furniture, fixtures and equipment	\$ 427,536	\$ 405,180	\$ 22,356	\$ 23,381
Leasehold improvements	-	-	-	24,759
	\$ 427,536	\$ 405,180	\$ 22,356	\$ 48,140

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#### 6. Research commitments

The Foundation has awarded a number of multi-year research grants which will be funded as the research progresses and agreed reporting criteria have been met. Funding committed in future years is as follows:

2021	\$ 360,250
2022	120,000
	\$ 480,250

Subsequent to year end, at its January 2020 meeting, the Board committed to fund \$10,000 for new Liver Research in Canada projects subject to peer review by the Foundation's Medical Advisory Committee. These commitments are reflected in the total research commitments of \$480,250.

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## Canadian Liver Foundation

### Notes to the Financial Statements

December 31, 2020

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#### 7. Commitments

In addition to the research commitments described in Note 6, at December 31, 2020, minimum lease payments under operating leases for rental of premises and equipment, and donor related computer software ("CRM"), over the next five fiscal years approximate the following:

2021	\$	426,314
2022		344,042
2023		329,966
2024		230,073
2025		196,703
Thereafter		<u>971,821</u>
	\$	<u>2,498,919</u>

The above commitments schedule includes the National office lease which matures in 2031, and the acquisition of the CRM software, including the cost of necessary upgrades to related capabilities, which is scheduled to be completed in 2023.

Rental of premises and equipment	\$	2,282,072
CRM software		<u>216,847</u>
	\$	<u>2,498,919</u>

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#### 8. Additional information required to meet Alberta Government and Program Support Services financial statement disclosure requirements

The total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was \$250,266 (2019 - \$390,374). The amounts paid as remuneration to a fundraising business, including expenses or fees paid by the Foundation on behalf of the fundraising business or as reimbursements to the fundraising business was \$789,813 (2019 - \$979,040).

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#### 9. Letter of credit

The Foundation has access to a revolving demand credit facility bearing interest at Royal Bank of Canada prime rate plus 3.0% per annum (5.45% at December 31, 2020) to a maximum of \$100,000. The facility is secured by a general security agreement over all property. The balance outstanding under this facility was \$Nil (2019 - \$Nil) at year end.

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# Canadian Liver Foundation

## Notes to the Financial Statements

December 31, 2020

### 10. General fund expense allocation

	<u>Chapter</u>	<u>Gaming</u>	<u>Education</u>	<u>Public information</u>	<u>Fundraising</u>	<u>Administration</u>	<u>2020</u>
Direct costs	\$ 44,355	\$ 28,977	\$ 75,553	\$ 124,673	\$ 961,838	\$ 423,311	\$ 1,658,707
Allocated costs							
Salaries and Benefits	110,548	-	358,750	210,782	91,648	791,882	1,563,610
Office rent	-	-	55,088	27,544	13,772	71,387	167,791
Computer Outsourcing	-	-	31,286	16,493	8,081	45,218	101,078
<b>Total</b>	<b>\$ 154,903</b>	<b>\$ 28,977</b>	<b>\$ 520,677</b>	<b>\$ 379,492</b>	<b>\$ 1,075,339</b>	<b>\$ 1,331,798</b>	<b>\$ 3,491,186</b>

	<u>Chapter</u>	<u>Gaming</u>	<u>Education</u>	<u>Public information</u>	<u>Fundraising</u>	<u>Administration</u>	<u>2019</u>
Direct costs	\$ 61,060	\$ 14,828	\$ 208,186	\$ 178,700	\$ 1,290,596	\$ 396,867	\$ 2,150,237
Allocated costs							
Salaries and Benefits	162,347	-	384,290	213,614	132,064	960,582	1,852,897
Office rent	-	-	69,250	34,625	17,313	103,249	224,437
Computer Outsourcing	-	-	30,176	15,131	7,508	40,628	93,443
<b>Total</b>	<b>\$ 223,407</b>	<b>\$ 14,828</b>	<b>\$ 691,902</b>	<b>\$ 442,070</b>	<b>\$ 1,447,481</b>	<b>\$ 1,501,326</b>	<b>\$ 4,321,014</b>

### 11. Financial instrument risk

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at December 31, 2020.

#### Credit risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to the Foundation. The Foundation's credit risk relates to its accounts receivable. In the opinion of management, the credit risk exposure to the Foundation is not significant due to the nature of its accounts receivable.

#### Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations. The Foundation meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

#### Market risk

Market risk is the risk that the fair value of or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk, and other price risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of market changes in interest rates. The Foundation is subject to interest rate risk on its fixed income instruments, as disclosed in Note 4.

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## Canadian Liver Foundation

### Notes to the Financial Statements

December 31, 2020

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#### 11. Financial instrument risk (continued)

##### Market risk (continued)

###### Currency risk

Currency risk is the risk that the fair value of or future cash flows from a financial instrument denominated in currencies other than the functional currency of the Foundation will fluctuate due to changes in foreign exchange rates. The Foundation is exposed to currency risk as it invests in foreign currency bonds and equities totaling USD \$1,785,897 (2019 – USD \$1,285,612), which are converted to the Foundation's functional currency (i.e. Canadian dollars) in determining fair value. Accordingly, any change in fair value includes an element of foreign currency translation gain/loss as well as underlying change in market values for the foreign currency investments.

###### Other price risk

Other price risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate 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 Foundation is not subject to other price risks.

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#### 12. Impact of COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses, not-for-profits and charities were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced greater volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions and provide support to many organizations including the Foundation.

While the Foundation has been able to continue operations, since the pandemic was declared, its overall operations have been reduced as a result of a reduction in the fundraising of unrestricted donations, cancelled or delayed projects and in person events. Management does anticipate that the Foundation's operations will return to pre-pandemic levels as the economy rebounds from the effects of the pandemic. Other than the decline in chapter and gaming revenues for the year ended December 31, 2020 compared with those of the year ended December 31, 2019 as reflected in attached Statement of Operations, there has been no impairment in the carrying value of assets as at December 31, 2020 nor any material reduction in revenues and cash flows for the year ended December 31, 2020.

The Foundation applied for and received the Canadian Emergency Wage Subsidy (CEWS), in the amount of \$327,623, along with other government and non-government relief, with the Foundation continuing to assess if it qualifies for other relief.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.

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# Canadian Liver Foundation Schedule of Research Trust Funds

Year ended December 31

	W.P. Gilbride		Sarah Ralston		Chair of Hepatology		CanHepC		Rai Bhargava	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Balance, beginning of year	\$ 173,244	\$ 171,895	\$ 659	\$ 139	\$ 6,010	\$ 6,010	\$ 1,127,787	\$ 896,379	\$ 1,694	\$ 1,167
Transfer to Medical Research Fund in support of research	(3,334)	(10,000)	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	271,079	218,190	-	-
Chapter donations	-	-	-	-	-	-	-	-	-	-
Investment income	11,786	18,995	57	520	-	-	100,990	147,076	227	527
Program costs	(3,334)	(7,647)	-	-	-	-	(164,253)	(133,858)	-	-
Balance, end of year	\$ 178,362	\$ 173,244	\$ 716	\$ 659	\$ 6,010	\$ 6,010	\$ 1,335,603	\$ 1,127,787	\$ 1,921	\$ 1,694

	CPHRG		CASL		MUHC		Hep B Study Group		CLF-Dalhousie	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Balance, beginning of year	\$ 6,760	\$ 5,884	\$ 989,411	\$ 683,716	\$ 120,370	\$ 106,367	\$ 136,492	\$ 208,641	\$ 42,267	\$ 38,611
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	-	3	-
Contributions	-	-	280,000	528,799	1,500	-	-	-	-	-
Chapter donations	-	-	-	-	-	-	50,000	-	-	-
Investment income	589	876	79,244	78,349	9,842	14,003	14,423	13,162	3,732	3,656
Program costs	-	-	(355,165)	(301,452)	(1,175)	-	(8,903)	(85,310)	-	-
Balance, end of year	\$ 7,349	\$ 6,760	\$ 933,490	\$ 989,411	\$ 130,537	\$ 120,370	\$ 192,012	\$ 136,492	\$ 46,002	\$ 42,267

## Canadian Liver Foundation Schedule of Research Trust Funds (continued)

Year ended December 31

	Liver Meeting	CLF-Lee Liver Research		CLF-CDTRP		Kentoc		CLF-RECAP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020
Balance, beginning of year	\$ 227,291	\$ -	\$ 11,400	\$ 11,400	\$ 1,031,550	\$ 1,558,119	\$ 8,006	\$ 7,869	\$ 4,351
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	(105,493)	-
Contributions	357,062	739,300	-	-	224,871	42,842	105,940	105,487	-
Chapter donations	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	96,548	116,096	250	143	-
Program costs	(380,894)	(512,009)	-	-	(118,496)	(685,507)	-	-	-
Balance, end of year	<u>\$ 203,459</u>	<u>\$ 227,291</u>	<u>\$ 11,400</u>	<u>\$ 11,400</u>	<u>\$ 1,234,473</u>	<u>\$ 1,031,550</u>	<u>\$ 114,196</u>	<u>\$ 8,006</u>	<u>\$ 4,351</u>

	CLTN-CLF		SIDCN		CaNAL-CLF		CCC-CLF		HCV2021 (Formerly HCV2020)	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Balance, beginning of year	\$ 49,198	\$ 49,094	\$ 100,421	\$ -	\$ 55,169	\$ 195,166	\$ 4,701	\$ 4,701	\$ 13,249	\$ -
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	99,750	100,000	65,270	102,235	-	-	159,883	13,266
Chapter donations	-	-	-	-	-	-	-	-	-	-
Investment income	4,231	4,383	8,637	421	3,222	9,246	-	-	-	-
Program costs	-	(4,279)	(42,634)	-	(67,558)	(251,478)	-	-	(19,095)	(17)
Balance, end of year	<u>\$ 53,429</u>	<u>\$ 49,198</u>	<u>\$ 166,174</u>	<u>\$ 100,421</u>	<u>\$ 56,103</u>	<u>\$ 55,169</u>	<u>\$ 4,701</u>	<u>\$ 4,701</u>	<u>\$ 154,037</u>	<u>\$ 13,249</u>

## Canadian Liver Foundation Schedule of Research Trust Funds (continued)

Year ended December 31

	CLF-UCalgary		CLF-CanNASH		CLF-OSN		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Balance, beginning of year	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,225,030	\$ 3,949,508
Transfer to Medical Research Fund in support of research	-	-	-	-	-	-	(3,331)	(115,493)
Contributions	114,713	115,000	152,088	-	52,600	-	1,884,756	1,965,119
Chapter donations	-	-	-	-	-	-	50,000	-
Investment income	5,366	-	3,649	-	-	-	342,793	407,453
Program costs	(110,716)	-	(1,355)	-	-	-	(1,273,578)	(1,981,557)
<b>Balance, end of year</b>	<b>\$ 124,363</b>	<b>\$ 115,000</b>	<b>\$ 154,382</b>	<b>\$ -</b>	<b>\$ 52,600</b>	<b>\$ -</b>	<b>\$ 5,225,670</b>	<b>\$ 4,225,030</b>

