

# **Canadian Liver Foundation**

**Financial Statements**

**For the Year Ended December 31, 2023**



## INDEPENDENT AUDITOR'S REPORT

### 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, 2023, and the statements of operations, changes in 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 Foundation as at December 31, 2023, and results of its 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 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 revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of 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 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 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.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

### *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.

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
May 8, 2024  
Toronto, Ontario

**Canadian Liver Foundation**  
**Statement of Operations**  
**Year Ended December 31, 2023**

	General Fund		Research Trust Funds		Medical Research Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue</b>								
Contributions								
Unrestricted donations	\$ 1,820,693	\$ 1,576,019	\$ -	\$ -	\$ -	\$ -	\$ 1,820,693	\$ 1,576,019
Government assistance	-	154,977	-	-	-	-	-	154,977
Chapter revenues								
Unrestricted	1,076,209	1,200,081	-	-	-	-	1,076,209	1,200,081
Gaming	206,990	142,699	-	-	-	-	206,990	142,699
Externally restricted receipts	-	-	163,471	150,000	-	-	163,471	150,000
Contribution for research programs								
Externally restricted receipts	-	-	602,973	2,204,916	-	-	602,973	2,204,916
	<b>3,103,892</b>	<b>3,073,776</b>	<b>766,444</b>	<b>2,354,916</b>	<b>-</b>	<b>-</b>	<b>3,870,336</b>	<b>5,428,692</b>
<b>Expenses (Note 11)</b>								
Direct program costs								
Education	478,128	470,760	-	-	-	-	478,128	470,760
Public information	606,368	478,831	-	-	-	-	606,368	478,831
Chapter	111,516	155,782	-	-	-	-	111,516	155,782
Gaming	39,166	3,946	-	-	-	-	39,166	3,946
Research and project restricted disbursements (Research and Trust Funds - Schedule 1)								
	-	-	4,009,536	2,810,853	127,982	120,834	4,137,518	2,931,687
Operating								
Administration	1,431,522	1,140,709	-	-	-	-	1,431,522	1,140,709
Fundraising	761,910	911,019	-	-	-	-	761,910	911,019
	<b>3,428,610</b>	<b>3,161,047</b>	<b>4,009,536</b>	<b>2,810,853</b>	<b>127,982</b>	<b>120,834</b>	<b>7,566,128</b>	<b>6,092,734</b>
<b>Excess (deficiency) of revenues over expenses from operations</b>								
	<b>(324,718)</b>	<b>(87,271)</b>	<b>(3,243,092)</b>	<b>(455,937)</b>	<b>(127,982)</b>	<b>(120,834)</b>	<b>(3,695,792)</b>	<b>(664,042)</b>
Investment revenues (expenses)								
Unrealized gains (losses) on investments	71,375	(333,252)	125,325	(762,508)	12,002	(61,100)	208,702	(1,156,860)
Interest, dividends and realized gains (losses) on investments	296,844	(26,389)	558,540	(73,099)	41,830	(52)	897,214	(99,540)
	<b>368,219</b>	<b>(359,641)</b>	<b>683,865</b>	<b>(835,607)</b>	<b>53,832</b>	<b>(61,152)</b>	<b>1,105,916</b>	<b>(1,256,400)</b>
<b>Excess (deficiency) of revenues over expenses \$</b>								
	<b>43,501</b>	<b>\$ (446,912)</b>	<b>\$ (2,559,227)</b>	<b>\$ (1,291,544)</b>	<b>\$ (74,150)</b>	<b>\$ (181,986)</b>	<b>\$ (2,589,876)</b>	<b>\$ (1,920,442)</b>

**Canadian Liver Foundation**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2023**

	General Fund		Research Trust Funds		Medical Research Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Fund balance - beginning of year</b>	<b>\$ 2,499,310</b>	<b>\$ 3,008,208</b>	<b>\$ 5,657,928</b>	<b>\$ 6,949,472</b>	<b>\$ 274,000</b>	<b>\$ 394,000</b>	<b>\$ 8,431,238</b>	<b>\$ 10,351,680</b>
Excess (deficiency) of revenues over expenses	<b>43,501</b>	(446,912)	<b>(2,559,227)</b>	(1,291,544)	<b>(74,150)</b>	(181,986)	<b>(2,589,876)</b>	(1,920,442)
Interfund transfers (Note 5)	<b>243,077</b>	(61,986)	<b>(189,199)</b>	-	<b>(53,878)</b>	61,986	-	-
<b>Fund balance - end of year</b>	<b>\$ 2,785,888</b>	<b>\$ 2,499,310</b>	<b>\$ 2,909,502</b>	<b>\$ 5,657,928</b>	<b>\$ 145,972</b>	<b>\$ 274,000</b>	<b>\$ 5,841,362</b>	<b>\$ 8,431,238</b>

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

	2023	2022
Externally restricted research trust funds (Schedule 1)	<b>\$ 2,909,502</b>	\$ 5,657,928
Committed for medical research (Note 7)	<b>145,972</b>	274,000
General fund		
Geographically restricted (Note 3)	<b>167,824</b>	138,753
Invested in tangible capital assets (Note 6)	<b>138,808</b>	141,301
Unrestricted funds	<b>2,479,256</b>	2,219,256
	<b>\$ 5,841,362</b>	\$ 8,431,238

**Canadian Liver Foundation**  
**Statement of Financial Position**  
**As at December 31, 2023**

	General Fund		Research Trust Funds		Medical Research Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Assets</b>								
<b>Current</b>								
Cash and cash equivalents (Note 3)	\$ 1,054,198	\$ 663,150	\$ 501,377	\$ 1,303,460	\$ 125,000	\$ -	\$ 1,680,575	\$ 1,966,610
Accounts receivable	68,362	108,244	-	22,500	-	-	68,362	130,744
Prepaid expenses	28,332	26,590	-	-	-	-	28,332	26,590
	1,150,892	797,984	501,377	1,325,960	125,000	-	1,777,269	2,123,944
<b>Investments (Note 4)</b>	<b>1,883,670</b>	<b>1,949,262</b>	<b>3,182,089</b>	<b>4,406,956</b>	<b>20,972</b>	<b>274,000</b>	<b>5,086,731</b>	<b>6,630,218</b>
<b>Tangible capital assets (Note 6)</b>	<b>138,808</b>	<b>141,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,808</b>	<b>141,301</b>
	\$ 3,173,370	\$ 2,888,547	\$ 3,683,466	\$ 5,732,916	\$ 145,972	\$ 274,000	\$ 7,002,808	\$ 8,895,463

**Liabilities and Fund Balances**

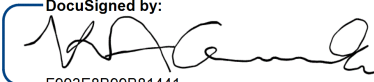
<b>Current</b>								
Accounts payable and accrued liabilities	\$ 290,345	\$ 268,346	\$ 773,964	\$ 74,988	\$ -	\$ -	\$ 1,064,309	\$ 343,334
Deferred lease inducement	11,295	11,295	-	-	-	-	11,295	11,295
	301,640	279,641	773,964	74,988	-	-	1,075,604	354,629
<b>Long-term liabilities</b>	<b>-</b>	<b>10,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,200</b>
<b>Deferred lease inducement</b>	<b>85,842</b>	<b>99,396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,842</b>	<b>99,396</b>
	387,482	389,237	773,964	74,988	-	-	1,161,446	464,225
<b>Fund balances</b>	<b>2,785,888</b>	<b>2,499,310</b>	<b>2,909,502</b>	<b>5,657,928</b>	<b>145,972</b>	<b>274,000</b>	<b>5,841,362</b>	<b>8,431,238</b>
	\$ 3,173,370	\$ 2,888,547	\$ 3,683,466	\$ 5,732,916	\$ 145,972	\$ 274,000	\$ 7,002,808	\$ 8,895,463

Commitments (Notes 7 and 8)

Contingent liabilities (Note 13)

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS**

DocuSigned by:  
  
 Elliott Jacobson  
 Director

DocuSigned by:  
  
 [Redacted Name]  
 Director

**Canadian Liver Foundation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

	General Fund 2023	Research Trust Funds 2023	Medical Research Fund 2023	2023	Total 2022
<b>Cash and cash equivalents provided by (used in)</b>					
<b>Operating</b>					
Excess (deficiency) of revenues over expenses	\$ 43,501	\$ (2,559,227)	\$ (74,150)	\$ (2,589,876)	\$ (1,920,442)
Items not affecting cash:					
Interfund transfers	243,077	(189,199)	(53,878)	-	-
Amortization	23,972	-	-	23,972	21,207
Recognition of deferred lease inducement	(13,554)	-	-	(13,554)	(13,554)
Unrealized (gain) loss on investments	(71,375)	(125,325)	(12,002)	(208,702)	1,156,860
Realized (gain) loss on investments	(227,112)	(456,764)	(41,722)	(725,598)	-
<b>Change in non-cash operating assets and liabilities</b>	<b>(1,491)</b>	<b>(3,330,515)</b>	<b>(181,752)</b>	<b>(3,513,758)</b>	<b>(755,929)</b>
Accounts receivable	39,882	22,500	-	62,382	104,625
Prepaid expenses	(1,742)	-	-	(1,742)	(804)
Accounts payable and accrued liabilities	21,999	698,976	-	720,975	(406,967)
Long-term liabilities	(10,200)	-	-	(10,200)	(40,800)
	<b>48,448</b>	<b>(2,609,039)</b>	<b>(181,752)</b>	<b>(2,742,343)</b>	<b>(1,099,875)</b>
<b>Investing</b>					
Purchase of tangible capital assets	(21,478)	-	-	(21,478)	(12,837)
Purchase of investments	(111,020)	(598,883)	(100,297)	(810,200)	(710,678)
Proceeds from sale of investments	475,098	2,405,839	407,049	3,287,986	1,565,051
	<b>342,600</b>	<b>1,806,956</b>	<b>306,752</b>	<b>2,456,308</b>	<b>841,536</b>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>391,048</b>	<b>(802,083)</b>	<b>125,000</b>	<b>(286,035)</b>	<b>(258,339)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>663,150</b>	<b>1,303,460</b>	<b>-</b>	<b>1,966,610</b>	<b>2,224,949</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,054,198</b>	<b>\$ 501,377</b>	<b>\$ 125,000</b>	<b>\$ 1,680,575</b>	<b>\$ 1,966,610</b>

## **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 Foundation is a leader in the liver health sphere, driving new discoveries, improving public awareness, and supporting individuals affected by liver disease. The Foundation remains the only non-governmental organization in Canada focused on liver health, and the main source of non-profit funding for all forms of liver disease.

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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the combined activity and financial position of the Foundation's National Offices and its volunteer Chapters across Canada. The significant accounting policies followed in the preparation of the financial statements are summarized below.

### **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. Gillbride 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. Gillbride Visiting Scientists program.

The **Sarah Ralston Endowment Fund** was established in 1993 in memory of Sarah Ralston. Contributions to this fund are applied to Pediatric 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.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Fund Accounting (Cont'd)**

The Research Trust Funds comprise the following 26 externally restricted funds: (Cont'd)

The **CanHepC** (formally known as Hepatitis C Program) was established in 2000 through Health Canada to enhance existing programs, as well as 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, multicentre, 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 of Hepatitis C (CanHepC). The main objective of the CanHep C is to establish a continuous pipeline from the discovery stage to implementation stage to reduce hepatitis C transmission, cure and improve the quality of life of people with hepatitis C, and to work towards the elimination of the 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 pediatric hepatology including, but not limited to research on biliary atresia, pediatric 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 and the McGill University Health Centre in Montreal, Quebec.

The **Kenroc Trust Fund** was established in 2008 restricted under agreement with Kenroc / Sexton Family of Companies to support Liver Research in Western Canada. Funds were provided by Kenroc / Sexton Family of Companies.

As agreed with Kenroc / Sexton Family of Companies the Fund will be closed at December 31, 2023 and commencing in 2023 donations received from Kenroc / Sexton Family of Companies may be used to support the CLF's areas of greatest need.

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 to address patient care treatment issues in Canada. The fund had no activity in the year and a \$Nil balance at December 31, 2022 and 2023.

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Fund Accounting (Cont'd)**

The Research Trust Funds comprise the following 26 externally restricted funds: (Cont'd)

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 and a \$Nil balance at December 31, 2022 and 2023.

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) 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 and a \$Nil balance at December 31, 2022 and 2023.

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 and 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.

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 and patient support programs to improve liver health in First Nations communities in Saskatchewan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Fund Accounting (Cont'd)**

The Research Trust Funds comprise the following 26 externally restricted funds: (Cont'd)

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 27th Symposium on Hepatitis C Virus and Related Viruses 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 has a \$Nil balance at December 31, 2023 and is closed.

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 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-OSN 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.

**Revenue and Expenditure Recognition**

The accrual basis of accounting is used for reporting revenues and expenditures, 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. When government assistance relates to future expenses, amounts are deferred and recognized as the expenses are incurred.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **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 Fund 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 grant disbursements are expensed as incurred in accordance with the term of the respective funding agreements.

### **Donated Services and Materials**

These financial statements do not reflect the value of services received during the year due to difficulties in determining the fair value.

### **Tangible Capital Assets and Amortization**

Tangible capital assets are recorded at cost less accumulated amortization and amortized over their estimated useful lives at the following rates and methods:

Furniture, fixtures and equipment	5 years	straight-line method
Leasehold improvements	Term of the lease	straight-line method

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital asset is recorded as an expense in the statement of operations under the general fund. A write-down shall not be reversed.

### **Deferred Lease Inducement**

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

### **Use of Estimates**

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. 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 expenses (Note 11).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**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.

**Financial Instruments**

*Measurement*

Financial instruments are financial assets or financial liabilities of the Foundation where, in general, the Foundation has the right to receive cash or another financial asset from another party or the Foundation has the obligation to pay another party cash or other financial assets.

The Foundation initially measures its financial assets and financial liabilities at fair value.

The Foundation subsequently measures its financial assets and financial liabilities, which are not measured at fair value at each statement of financial position date, at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long-term liabilities.

The Foundation's financial assets measured at fair value at each statement of financial position date include a portfolio of equity investments with quoted shares/units in an active market.

The Foundation accounts for regular purchases and sales of financial assets using trade date accounting.

*Transactions costs*

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

The Foundation recognizes its transaction costs in net income in the period incurred for its equity investments and all other financial assets and liabilities subsequently measured at fair value. Financial instruments, that are subsequently measured at cost or amortized cost, are adjusted by the transaction costs and financing fees that are directly attributable to their origination, issuance or assumption.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

*Impairment*

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in excess (deficiency) of revenues over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in operations.

**3. RESTRICTED CASH**

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

(a) Gaming revenues

\$167,824 (2022 - \$138,753) earned in gaming revenues, and which is restricted by local authorities for use in the province where the gaming revenues were earned.

(b) Investments held in cash and cash equivalents

\$21,934 (2022 - \$125,179) 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.

**4. INVESTMENTS**

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	<b>\$ 21,934</b>	\$ 125,179
Bonds	<b>1,664,562</b>	2,255,203
Equities	<b>3,422,169</b>	3,833,541
Units in income trusts	<b>-</b>	541,474
	<b>5,108,665</b>	6,755,397
Less: cash and cash equivalents (Note 3)	<b>(21,934)</b>	(125,179)
	<b>\$ 5,086,731</b>	\$ 6,630,218

Investments are stated at fair value at year-end and have an original cost of \$3,801,350 (2022 - \$5,071,256).

Included in interest, dividends and realized capital gains (losses) are realized capital gains of \$725,599 (2022 - realized capital losses of \$232,597).

**Canadian Liver Foundation**  
**Notes to Financial Statements**  
**December 31, 2023**

---

**5. INTERFUND TRANSFERS**

The interfund balances represent the accumulated transfers amongst the Foundation's specific fund balances.

**6. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated Amortization	Net 2023	Net 2022
Furniture, fixtures and equipment	\$ 471,278	\$ 429,606	\$ 41,672	\$ 30,610
Leasehold improvements	305,441	208,305	97,136	110,691
	<b>\$ 776,719</b>	<b>\$ 637,911</b>	<b>\$ 138,808</b>	<b>\$ 141,301</b>

**7. 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:

2024	\$ 145,972
------	------------

**8. COMMITMENTS**

In addition to the research commitments described in Note 7, at December 31, 2023, minimum aggregate 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:

2024	\$ 458,110
2025	286,716
2026	230,097
2027	193,048
2028	193,474
Thereafter	424,297
	<b>\$ 1,785,742</b>

The above commitments schedule includes the National Office lease which matures in 2031, and the CRM contract costs related to maintenance fees.

Rental of premises and equipment	\$ 1,597,444
CRM maintenance	188,298
	<b>\$ 1,785,742</b>

**Canadian Liver Foundation**  
**Notes to Financial Statements**  
**December 31, 2023**

---

**9. ALBERTA GOVERNMENT AND PROGRAM SUPPORT SERVICES INFORMATION**

The total amount paid as remuneration to employees of the Foundation whose principal duties involve fundraising was \$428,357 (2022 - \$433,236). 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 \$5,789 (2022 - \$74,852).

**10. LETTER OF CREDIT**

The Foundation has access to a revolving demand credit facility bearing interest at Royal Bank of Canada prime rate plus 3.00% per annum (7.20% prime rate at December 31, 2023) 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 (2022 - \$Nil) at year end.

**11. GENERAL FUND EXPENSE ALLOCATION**

	Chapter	Gaming	Education	Public Information	Fundraising	Administration	Total
Direct costs	\$ 49,579	\$ 39,166	\$ 76,310	\$ 360,553	\$ 376,190	\$ 364,439	\$ 1,266,237
Allocated costs:							
Salaries and benefits	61,937	-	282,832	184,431	344,622	907,663	1,781,485
Office rent	-	-	57,061	28,531	14,265	77,460	177,317
Computer outsourcing	-	-	61,925	32,853	26,833	81,960	203,571
<b>2023 Total</b>	<b>\$ 111,516</b>	<b>\$ 39,166</b>	<b>\$ 478,128</b>	<b>\$ 606,368</b>	<b>\$ 761,910</b>	<b>\$ 1,431,522</b>	<b>\$ 3,428,610</b>
Direct costs	\$ 58,296	\$ 3,946	\$ 60,267	\$ 241,523	\$ 502,720	\$ 287,699	\$ 1,154,451
Allocated costs:							
Salaries and benefits	97,486	-	279,510	172,070	351,036	676,113	1,576,215
Office rent	-	-	54,518	27,259	13,344	75,744	170,865
Computer outsourcing	-	-	76,465	37,979	43,919	101,153	259,516
<b>2022 Total</b>	<b>\$ 155,782</b>	<b>\$ 3,946</b>	<b>\$ 470,760</b>	<b>\$ 478,831</b>	<b>\$ 911,019</b>	<b>\$ 1,140,709</b>	<b>\$ 3,161,047</b>



## **12. FINANCIAL RISK MANAGEMENT**

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of December 31, 2023.

### **Credit Risk**

Credit risk arises from 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 to cash.

### **Market Risk**

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

### **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 bonds and equities totaling USD \$1,667,605 (2022 - USD \$540,947), which are converted to the Foundation's functional currency (CAD) 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.

### **Interest Rate Risk**

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

### **Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), 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 exposed to other price risk through its investments in quoted shares as disclosed in Note 4.

**13. CONTINGENT LIABILITIES**

The Foundation has received statements of claim related to various matters arising in the ordinary course of business. These matters are at various stages of resolution and their outcome and an estimate of loss, if any, is not determinable. The Foundation has no reason to expect that the ultimate disposition of any of these matters will have a material adverse impact on its financial position, results of operations or its ability to carry on any of its business activities.

**Canadian Liver Foundation**  
**Research and Trust Funds - Schedule 1**  
**Year Ended December 31, 2023**

	Balance, beginning of the year	Fund Transfers	Contributions	Chapter donations	Investment gain (loss)	Program costs	Balance, end of year
W.P. Gilbride	\$ 161,356	\$ -	\$ -	\$ -	\$ 8,972	\$ -	\$ 170,328
Sarah Ralston	697	-	-	-	144	-	841
Chair of Hepatology	6,010	-	-	-	-	-	6,010
CanHepC	1,345,848	-	37,200	-	159,222	(330,615)	1,211,655
Raj Bhargava	1,844	-	-	-	1,446	-	3,290
CPHRG	7,150	-	-	-	1,451	-	8,601
CASL	1,056,433	-	-	-	136,047	(857,806)	334,674
MUHC	117,205	-	-	-	24,315	(201)	141,319
HepB Study Group	309,434	-	-	163,471	42,469	(123,133)	392,241
CLF - Dalhousie	59,277	-	-	-	-	-	59,277
CLF - Canadian Liver Meeting	37,489	49	456,050	-	-	(493,432)	156
CLF - Lee liver Research	11,400	-	-	-	-	-	11,400
CLF - CDTRP	1,914,478	-	64,500	-	252,992	(1,932,407)	299,563
Kenroc	179,837	(189,248)	-	-	9,411	-	-
CLF - RECAP	4,351	-	-	-	-	-	4,351
CLTN - CLF	52,012	-	-	-	9,756	-	61,768
SIDCN	77,169	-	-	-	4,997	(66,000)	16,166
CaNAL - CLF	54,266	-	-	-	6,495	(36,173)	24,588
CCC - CLF	4,701	-	-	-	-	-	4,701
HCV2021	31,131	-	-	-	-	(31,131)	-
CLF - UCalgary	127,583	-	-	-	15,012	(27,512)	115,083
CLF - CanNASH	62,327	-	45,223	-	9,775	(76,457)	40,868
CLF - OSN	35,930	-	-	-	1,361	(34,669)	2,622
	\$ 5,657,928	\$ (189,199)	\$ 602,973	\$ 163,471	\$ 683,865	\$ (4,009,536)	\$ 2,909,502