

**CHILDHOOD CANCER CANADA
FOUNDATION/FONDATION CANADIENNE
DU CANCER CHEZ L'ENFANT**

Financial Statements

Year ended September 30, 2018

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

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September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Childhood Cancer Canada Foundation/Fondation Canadienne Du Cancer Chez L'Enfant

We have audited the accompanying financial statements of Childhood Cancer Canada Foundation/Fondation Canadienne Du Cancer Chez L'Enfant, which comprise the statement of financial position as at September 30, 2018, and the statements of changes in net assets, revenue and expenses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Directors' Responsibility for the Financial Statements

Management and Directors are 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 and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As is common with many charitable organizations, the Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of receipts from those sources was limited to the amounts recorded by the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses, and cash flow from operations for the years ended September 30, 2018 and 2017, current assets as at September 30, 2018 and 2017 and net assets as at beginning and end of both 2018 and 2017 years. Our audit opinion on the financial statements for the year ended September 30, 2017 was modified accordingly because of the possible effects of this limitation of scope.

INDEPENDENT AUDITOR'S REPORT - cont'd

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of Childhood Cancer Canada Foundation/Fondation Canadienne Du Cancer Chez L'Enfant as at September 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 26, 2019

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

Statement of Financial Position

September 30, 2018

	2018	2017
Assets		
Current		
Cash	\$ 484,832	\$ 621,391
Pledge and sundry receivables (Note 3)	117,180	173,278
Prepaid expenses	41,283	48,223
	643,295	842,892
Property and equipment (Note 4)	7,755	9,971
	\$ 651,050	\$ 852,863
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 258,623	\$ 595,240
Deferred revenue (Note 5)	21,550	40,000
	280,173	635,240
Net assets		
Investment in property and equipment	7,755	9,971
Unrestricted	363,122	207,652
	370,877	217,623
	\$ 651,050	\$ 852,863

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

Statement of Changes in Net Assets

Year ended September 30, 2018

	Investment in property and equipment	Unrestricted fund	2018 Total	2017 Total
Balance, beginning of year	\$ 9,971	\$ 207,652	\$ 217,623	\$ 182,280
Excess (deficiency) of revenue over expenses	(2,216)	155,470	153,254	35,343
Balance, end of year	\$ 7,755	\$ 363,122	\$ 370,877	\$ 217,623

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

Statement of Revenue and Expenses

Year ended September 30, 2018

	2018	2017
Revenue		
Individual donations	\$ 800,622	\$ 706,205
Corporate and foundation donations	426,505	486,910
Events (Note 9)	720,451	879,631
Lottery	176,019	159,340
	<hr/> 2,123,597	<hr/> 2,232,086
Expenses		
Research and programs (Notes 7 and 9)	968,182	1,183,610
Donor development (Note 7)	495,188	478,958
Administration (Notes 7 and 10)	241,212	258,145
Events	159,686	184,657
Lottery	106,075	91,373
	<hr/> 1,970,343	<hr/> 2,196,743
Excess of revenue over expenses	<hr/> \$ 153,254	<hr/> \$ 35,343

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

Statement of Cash Flows

Year ended September 30, 2018

	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 153,254	\$ 35,343
Amortization of property and equipment	2,216	1,510
	155,470	36,853
Change in non-cash working capital items		
Pledge and sundry receivables	56,098	(1,283)
Prepaid expenses	6,940	(14,546)
Accounts payable and accrued liabilities	(336,617)	(175,828)
Deferred revenue	(18,450)	17,250
	(136,559)	(137,554)
Investing activities		
Purchase of capital assets	-	(11,079)
Change in cash	(136,559)	(148,633)
Cash, beginning of year	621,391	770,024
Cash, end of year	\$ 484,832	\$ 621,391

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

Notes to Financial Statements

Year ended September 30, 2018

1. Nature of operations

Childhood Cancer Canada Foundation/Fondation Canadienne Du Cancer Chez L'Enfant (the "Foundation") is a national charitable organization dedicated to improving the quality of life for families experiencing the effects of childhood cancer through the provision of resources, parent support and the promotion of research.

The Foundation was incorporated under the Canada Corporations Act as a not-for-profit organization without share capital. It is a registered charity under the provisions of the Income Tax Act and, as such, is exempt from income tax.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations requires management and Directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Revenue and Expenses in the year in which they become known.

Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting and, accordingly, the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held. The types of funds held are:

Investment in property and equipment fund - This fund represents the net book value of the property and equipment being the original cost less amortization of the property and equipment.

Unrestricted fund - This fund includes unrestricted amounts such as donations, lotteries and events revenue, together with day-to-day operating expenses.

**CHILDHOOD CANCER CANADA FOUNDATION/
FONDATION CANADIENNE DU CANCER CHEZ L'ENFANT**

Notes to Financial Statements

Year ended September 30, 2018

2. Summary of significant accounting policies - cont'd

Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives on a straight-line basis. The annual amortization rates are as follows:

Leasehold improvements	5 years
Computer equipment	5 years

The Foundation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows that the property and equipment are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Revenue recognition

The Foundation follows the deferral method of accounting for externally restricted contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions including individual donations, corporate and foundation donations and events revenue are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Events revenue is recognized in the year in which the event occurs, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Lottery revenue is recorded when received. The proceeds from the lottery revenue is required to be spent on charitable purpose of the Foundation within Ontario. The Foundation is in compliance with this restriction.

**CHILDHOOD CANCER CANADA FOUNDATION/
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Notes to Financial Statements

Year ended September 30, 2018

2. Summary of significant accounting policies - cont'd

Contributed goods and services

Contributed goods are not recognized as they would not otherwise have been purchased.

The Foundation benefits from services in the form of volunteer time. Since these invaluable services are not purchased by the Foundation and a reasonable estimate of their value cannot be made, they are not recorded in the financial statements.

Objectives, policies and processes for managing capital

The Foundation defines its capital as its net assets. The Foundation's objectives when managing its capital is to safeguard its ability to continue to provide programs and services consistent with its mission and vision.

Management provides an annual budget to the Chair of the Board of Directors (the "Board") and the Treasurer. The budget is developed to ensure the Foundation has sufficient cash flow to fund operations and capital expenditures. A recommendation is made from the Treasurer to the Board for approval of the budget. Management compares actual results to the budget and reports these results to the Board monthly.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and pledge and sundry receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

3. Pledge receivables

As at year-end, there was \$81,859 (2017 - \$145,441) of pledge receivables. Subsequent to year-end, \$24,859 of the pledge receivables were received.

**CHILDHOOD CANCER CANADA FOUNDATION/
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Notes to Financial Statements

Year ended September 30, 2018

4. Property and equipment

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 6,650	\$ 6,650	\$ -	\$ -
Computer equipment	13,633	5,878	7,755	9,971
	<u>\$ 20,283</u>	<u>\$ 12,528</u>	<u>\$ 7,755</u>	<u>\$ 9,971</u>

5. Deferred revenue

Deferred revenue consists of deposits in the amount of \$21,550 (2017 - \$40,000) received in the current fiscal year related to events to be held in the next fiscal year.

6. Commitments

Lease commitment:

As at year-end, the Foundation is committed to the following future minimum lease commitments relating to the rental of its premises and certain office equipment, expiring through May 2023.

2019	\$ 69,321
2020	66,520
2021	6,288
2022	6,288
2023	4,553
	<u>\$ 152,970</u>

Other commitments:

The Foundation is also committed to paying \$36,200 relating to venue rentals in the next fiscal year.

**CHILDHOOD CANCER CANADA FOUNDATION/
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Notes to Financial Statements

Year ended September 30, 2018

7. Allocation of administration expenses

The Foundation allocates certain costs based on various activities. The Foundation allocates rent, equipment lease and salary based on management's estimate of actual time spent by an employee on research and programs and donor development initiatives. Expense allocations are applied on a consistent basis from year to year.

For the current year, rent, equipment lease and salary costs of \$430,108 (2017 - \$303,069) were allocated to research and programs expenses and \$247,655 (2017 - \$188,408) were allocated to donor development expenses.

8. Credit facility

The Foundation has available a line of credit of \$32,000, which bears interest at the bank's prime rate plus 2.00% per annum and which is due on demand. As at the current and prior year-ends, this line of credit was not utilized.

9. Related party transactions

A member of the Board of Directors is also on the Board of Directors of a research organization that the Foundation funds to meet its objectives. Included in research and programs is \$250,720 (2017 - \$456,370) paid to this research organization.

Included in events revenue is a \$2,500 sponsorship (2017 - \$5,000) received from a firm that a member of the Board of Directors is a partner of.

These transaction were in the normal course of operations and were valued at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**CHILDHOOD CANCER CANADA FOUNDATION/
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Notes to Financial Statements

Year ended September 30, 2018

10. Pension plan

As a former member of a multi-employer defined benefit pension plan administered by the Canadian Cancer Society, the Foundation has a pension funding obligation on the unfunded portion of benefits being paid to former employees. The obligation is not on the statement of financial position as the information is not available. It is being accounted for as a defined contribution plan.

During the current year, the Foundation's pension funding expense totaled \$5,172 (2017 - \$5,172) and is included with administration expenses on the Statement of Revenue and Expenses for the year.

11. Change in accounting policy

Effective October 1, 2017 the Foundation changed its accounting policy so as to not recognize contributed goods in the financial statements. Previously, contributed goods were recognized when a fair value could be reasonably estimated and the goods would otherwise be purchased by the Foundation. The impact on the revenue and expenses for the prior fiscal year is \$Nil as a result of this policy change.

12. Contributed goods and services

During the year, the Foundation received \$42,490 (2017 - \$19,383) of contributed goods. As these goods would not have otherwise been purchased, they have not been recognized in the statement of revenue and expenses.

13. Financial instruments

The Foundation is exposed to the following risks in respect of certain of the financial instruments held:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Foundation is exposed to credit risk with respect to its pledges and sundry receivables to the extent that debtors do not meet their obligations.

The Foundation is not exposed to significant interest, currency and liquidity risks arising from financial instruments.