

Financial Statements of

**THE NORTHERN CANCER
RESEARCH FOUNDATION**

Year ended March 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Board Members of The Northern Cancer Research Foundation

We have audited the accompanying financial statements of The Northern Cancer Research Foundation ("the entity"), which comprise the statement of financial position as at March 31, 2011 and the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

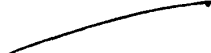
In common with many charitable organizations, The Northern Cancer Research Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.



Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualification Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Northern Cancer Research Foundation as at March 31, 2011, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

A handwritten signature in black ink, consisting of the letters 'KPMG LLP' in a cursive, slanted font, with a long horizontal stroke underneath.

Chartered Accountants, Licensed Public Accountants

May 26, 2011

Sudbury, Canada

THE NORTHERN CANCER RESEARCH FOUNDATION

Statement of Financial Position

March 31, 2011, with comparative figures for 2010

	Unrestricted	Restricted	Total 2011	Total 2010
Assets				
Current assets:				
Cash and deposit receipts	\$ 2,306,904	-	2,306,904	2,059,474
Investments (note 2)	39,085	1,860,446	1,899,531	1,727,248
Accounts receivable	19,649	-	19,649	15,323
Receivable from Heart and Soul Campaign	-	-	-	20,145
Prepaid expenses	18,023	-	18,023	11,812
	\$ 2,383,661	1,860,446	4,244,107	3,834,002

Liabilities and Fund Balances

Current liabilities:				
Accounts payable and accrued liabilities	\$ 18,881	-	18,881	40,585
Payable to Hôpital Régional de Sudbury Regional Hospital	40,375	-	40,375	22,811
	59,256	-	59,256	63,396
Fund balances:				
Unrestricted	2,324,405	-	2,324,405	2,029,766
Restricted	-	1,139,332	1,139,332	1,021,411
Endowments	-	721,114	721,114	719,429
	2,324,405	1,860,446	4,184,851	3,770,606
	\$ 2,383,661	1,860,446	4,244,107	3,834,002

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE NORTHERN CANCER RESEARCH FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2011, with comparative figures for 2010

	Unrestricted		Restricted		Endowments		Total 2011	Total 2010
	2011	2010	2011	2010	2011	2010		
	(Schedule)							
Revenue:								
Community donations	\$ 802,800	636,636	197,623	128,341	-	-	1,000,423	764,977
City of Greater Sudbury contributions (note 4)	-	-	300,866	300,866	-	-	300,866	300,866
Bereavement	182,868	159,122	-	-	-	-	182,868	159,122
Endowments	-	-	-	-	1,685	20,037	1,685	20,037
Special events	70,316	51,822	86,658	109,200	-	-	156,974	161,022
Recoveries	3,500	5,000	-	-	-	-	3,500	5,000
Investment income	200,093	290,752	-	-	-	-	200,093	290,752
	1,259,577	1,143,332	585,147	538,407	1,685	20,037	1,846,409	1,701,776
Expenses:								
Research, capital and specific grants	646,665	576,899	429,149	347,985	-	-	1,075,814	924,884
Wages and benefits	191,327	107,378	-	-	-	-	191,327	107,378
Special events and fundraising costs	36,192	44,981	38,077	21,208	-	-	74,269	66,189
Amortization of capital assets	-	825	-	-	-	-	-	825
Administrative (schedule)	90,754	104,434	-	-	-	-	90,754	104,434
	964,938	834,517	467,226	369,193	-	-	1,432,164	1,203,710
Excess of revenue over expenses	294,639	308,815	117,921	169,214	1,685	20,037	414,245	498,066
Fund balances, beginning of year	2,029,766	1,720,951	1,021,411	852,197	719,429	699,392	3,770,606	3,272,540
Fund balances, end of year	\$ 2,324,405	2,029,766	1,139,332	1,021,411	721,114	719,429	4,184,851	3,770,606

See accompanying notes to financial statements.

THE NORTHERN CANCER RESEARCH FOUNDATION

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 414,245	498,066
Adjustment for:		
Amortization of capital assets	-	825
	414,245	498,891
Change in non-cash working capital:		
Accounts receivable	(4,326)	(7,568)
Receivable from Heart and Soul Campaign	20,145	26,632
Prepaid expenses	(6,211)	(1,567)
Accounts payable and accrued liabilities	(21,704)	15,724
Payable to Hôpital Régional de Sudbury Regional Hospital	17,564	(204,298)
	419,713	327,814
Cash flows from financing and investing activities:		
Increase in value of investments	(172,283)	(515,911)
Net increase (decrease) in cash and deposit receipts	247,430	(188,097)
Cash and deposit receipts, beginning of year	2,059,474	2,247,571
Cash and deposit receipts, end of year	\$ 2,306,904	2,059,474

See accompanying notes to financial statements.

THE NORTHERN CANCER RESEARCH FOUNDATION

Notes to Financial Statements

Year ended March 31, 2011

The Northern Cancer Research Foundation (the "Foundation") was incorporated without share capital under the laws of Ontario in March, 1992 to support cancer research programs.

1. Significant accounting policies:

(a) Basis of presentation:

As the Foundation receives funding for various purposes, the accounts are maintained in a manner which segregates transactions according to the following funds:

- Restricted funds, the expenditure of which is restricted by the donor according to the fund descriptions as shown on the Statement of Operations and Changes in Fund Balances.
- Endowment funds reflect contributions where only the related investment income can be expended. This investment income is reflected in the unrestricted fund. These funds are, in some cases, an accumulation of balances for various specified research and care purposes.
- Unrestricted fund, which represents unrestricted funds received from donations, fundraising activities and other sources. Expenditures made from this fund are at the discretion of the Foundation and include those relating to day-to-day operations.

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting. Under this method, the following principles have been applied:

- Contributions are recorded as revenue in the respective funds based on their nature, source and the restrictions stipulated by the donor.
- With the exception of pledges, contributions are recognized as revenue when received or receivable if the amounts can be estimated and collection is assured. Pledges are recognized as revenue on receipt.

THE NORTHERN CANCER RESEARCH FOUNDATION

Notes to Financial Statements

Year ended March 31, 2011

1. Significant accounting policies (continued):

(c) Financial Instruments:

The Foundation accounts for its financial assets and liabilities in accordance with Canadian generally accepted accounting principles.

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the statement of financial position at fair value except for loans and receivables and other financial liabilities which are measured at amortized cost. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in the statement of operations and changes in fund balances.

The Foundation discloses and presents financial instruments under Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, for the year ended March 31, 2011.

(d) Investments:

Investments consist of pooled funds and are recorded at market value.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Investments:

	2011		2010	
	Cost	Market	Cost	Market
Investments	\$ 1,490,658	1,899,531	1,481,844	1,727,248

THE NORTHERN CANCER RESEARCH FOUNDATION

Notes to Financial Statements

Year ended March 31, 2011

3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) for \$300,866 (2010 - \$300,866) are contributions to the Northern Cancer Research Foundation towards the City’s pledge for the purpose of capital expansion at the Regional Cancer Centre of \$7,050,000 over 21.7 years. The amount of \$3,820,993 remains to be received. These amounts flow through the restricted fund.

4. Chair in cancer research:

A partnership between the Foundation, Hôpital Régional de Sudbury Regional Hospital, Laurentian University and the Northern Ontario School of Medicine exists to fund a chair in cancer research at Laurentian University. There is \$50,990 in the restricted fund available at the Foundation for this endeavour.

5. Financial instruments:

The carrying values of cash and deposit receipts, accounts receivable, accounts payable and accrued liabilities and payable to Hôpital Régional de Sudbury Regional Hospital approximate their fair value due to the relatively short periods to maturity of the instruments.

Investments are carried at market value (note 2).

There are no significant exposures to credit risk.

6. Endowments:

During the year, monies were donated to the Foundation with no related expenditures. These amounts represent endowments where investment income only may be expended. Investment income is reflected in the operating fund.

7. Restricted funds:

The restricted funds listed are, in some cases, an accumulation of balances. Included in the restricted research balance are funds for research in the areas of leukemia, prostate cancer, lung cancer, breast cancer and stem cell. Patient care incorporates funds for breast screening, chemotherapy and radiation. Other restricted funds include funds specified for children and for breast cancer support.

8. Comparative figures:

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

THE NORTHERN CANCER RESEARCH FOUNDATION

Schedule of Administrative Expenses

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Professional services	\$ 20,350	41,100
Cost of merchandise	14,576	11,314
Office supplies	12,150	8,329
Telephone	11,304	4,615
Insurance	6,933	5,528
Advertising and direct mail	6,652	15,078
Computer	5,627	6,998
Travel and hospitality	5,103	1,225
Professional development	3,403	5,993
Interest and bank charges	3,086	2,769
Donor recognition	836	460
Postage	734	1,025
	\$ 90,754	104,434

THE NORTHERN CANCER RESEARCH FOUNDATION

Schedule of Restricted Fund Balances

Year ended March 31, 2011, with comparative figures for 2010

	Daffodil Terrace	Research and Other (notes 3 and 4)	Total 2011	Total 2010
Revenue:				
Community donations	\$ 41,767	155,856	197,623	128,341
Special events	-	86,658	86,658	109,200
City of Greater Sudbury	-	300,866	300,866	300,866
	41,767	543,380	585,147	538,407
Expenses:				
Research, capital and specific grants	31,376	397,773	429,149	347,985
Special events and fundraising costs	-	38,077	38,077	21,208
	31,376	435,850	467,226	369,193
Excess of revenue over expenses	10,391	107,530	117,921	169,214
Fund balances, beginning of year	263,142	758,269	1,021,411	852,197
Fund balances, end of year	\$ 273,533	865,799	1,139,332	1,021,411