

Financial Statements of

**NORTHERN CANCER FOUNDATION**

Year ended March 31, 2015



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## INDEPENDENT AUDITORS' REPORT

To the Board Members of Northern Cancer Foundation

We have audited the accompanying financial statements of **Northern Cancer Foundation**, which comprise the statement of financial position as at March 31, 2015, 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 accounting standards for non-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.

### *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 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 community donations, excess of revenues over expenses, current assets and fund balances.



*Qualified Opinion*

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Northern Cancer Foundation as at March 31, 2015, 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2015  
Sudbury, Canada

# NORTHERN CANCER FOUNDATION

## Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Current assets:		
Cash and deposit receipts	\$ 2,694,655	2,785,202
Investments (note 2)	1,939,664	1,660,631
Accounts receivable	37,905	336,050
Prepaid expenses	8,385	9,885
	<u>4,680,609</u>	<u>4,791,768</u>
Investments (note 2)	1,545,349	1,402,039
	<u>\$ 6,225,958</u>	<u>6,193,807</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,000	311,227
Payable to Health Sciences North	49,229	44,544
	<u>59,229</u>	<u>355,771</u>
Fund balances:		
Unrestricted	2,621,879	2,818,858
Restricted	2,822,551	2,297,139
Endowments	722,299	722,039
	<u>6,166,729</u>	<u>5,838,036</u>
	<u>\$ 6,225,958</u>	<u>6,193,807</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# NORTHERN CANCER FOUNDATION

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	Unrestricted		Restricted		Endowments		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014
	(Schedule)							
Revenue:								
Signature events	\$ 40,553	60,088	79,963	108,899	-	-	120,516	168,987
Partner events	79,058	127,730	163,915	159,704	-	-	242,973	287,434
Bereavement	238,485	263,897	-	-	-	-	238,485	263,897
Community donations	612,619	945,360	419,749	372,924	260	350	1,032,628	1,318,634
Investment income	321,805	303,130	17,224	-	-	-	339,029	303,130
City of Greater Sudbury	-	-	300,866	300,866	-	-	300,866	300,866
	1,292,520	1,700,205	981,717	942,393	260	350	2,274,497	2,642,948
Expenses:								
Research grants	933,235	825,721	-	-	-	-	933,235	825,721
Capital grants	-	-	300,866	300,866	-	-	300,866	300,866
Student bursaries	11,500	9,000	1,000	2,500	-	-	12,500	11,500
Patient support	-	-	114,491	104,026	-	-	114,491	104,026
Patient equipment	27,370	-	77,967	390,965	-	-	105,337	390,965
Signature events	16,776	22,709	13,350	17,646	-	-	30,126	40,355
Fundraising and partner events	24,582	10,036	18,852	8,868	-	-	43,434	18,904
Wages and benefits	263,778	248,984	-	-	-	-	263,778	248,984
Volunteers	42,782	-	-	-	-	-	42,782	-
Administrative (schedule)	99,255	106,612	-	-	-	-	99,255	106,612
	1,419,278	1,223,062	526,526	824,871	-	-	1,945,804	2,047,933
<b>Excess (deficiency) of revenue over expenses</b>	(126,758)	477,143	455,191	117,522	260	350	328,693	595,015
Fund balances, beginning of year	2,818,858	2,511,069	2,297,139	2,010,263	722,039	721,689	5,838,036	5,243,021
Interfund transfer to restrict certain balances	(70,221)	(169,354)	70,221	169,354	-	-	-	-
<b>Fund balances, end of year</b>	\$ 2,621,879	2,818,858	2,822,551	2,297,139	722,299	722,039	6,166,729	5,838,036

See accompanying notes to financial statements.

# NORTHERN CANCER FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 328,693	595,015
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	298,145	(312,482)
Decrease in prepaid expenses	1,500	9,862
Decrease in accounts payable and accrued liabilities	(301,227)	(191,131)
Increase (decrease) in payable to Health Sciences North	4,685	(26,886)
	331,796	74,378
Cash flows from investing activities:		
Increase in value of investments	(422,343)	(949,080)
<b>Net decrease in cash and deposit receipts</b>	<b>(90,547)</b>	<b>(874,702)</b>
Cash and deposit receipts, beginning of year	2,785,202	3,659,904
<b>Cash and deposit receipts, end of year</b>	<b>\$ 2,694,655</b>	<b>2,785,202</b>

See accompanying notes to financial statements.

# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2015

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

## 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

### (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.

### (c) Investments:

Investments consist of pooled funds, term deposits and shares and are recorded at market value.

# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2015

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## 1. Significant accounting policies (continued):

### (d) Financial Instruments:

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

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

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

## 2. Investments:

	2015	2014
Current:		
Pooled funds	\$ 1,939,664	1,660,631
Long-term:		
Term deposits	\$ 743,050	600,000
Endowments – pooled funds	722,299	722,039
Shares in RNA Diagnostics	80,000	80,000
	\$ 1,545,349	1,402,039

## 3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) of \$300,866 (2014 - \$300,866) are contributions to the 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 \$2,617,529 remains to be received. These amounts flow through the restricted fund.



# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2015

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## 4. Chair in cancer research:

A partnership between the Foundation, Health Sciences North, 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 risks:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Foundation monitors the credit risk of customers through credit rating reviews.

### (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating requirements. The Foundation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2014.

## 6. Endowments:

Monies have been 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 unrestricted 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 information:

Certain 2014 comparative information have been reclassified where necessary to conform to the current year presentation.

# NORTHERN CANCER FOUNDATION

## Schedule of Administrative Expenses

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Computer and website	\$ 21,898	31,727
Office supplies	20,148	12,093
Professional and investment services	26,616	17,797
Cost of merchandise	1,954	8,362
Advertising	1,930	6,950
Insurance	6,915	6,485
Telephone	7,844	9,980
Donor recognition	1,103	5,360
Interest and bank charges	5,420	3,618
Professional development	2,351	2,598
Postage	1,599	803
Travel and hospitality	1,477	839
	\$ 99,255	106,612

# NORTHERN CANCER FOUNDATION

## Schedule of Restricted Fund Balances

Year ended March 31, 2015, with comparative information for 2014

	Sam Bruno PET Scan	Angels in Pink Breast Equipment	Daffodil Terrace	Research and Other (notes 4 and 7)	2015 Total	2014 Total
<b>Revenue:</b>						
City of Greater Sudbury (note 3)	\$ -	-	-	300,866	300,866	300,866
Community donations and partner events	180,612	65,029	22,748	315,275	583,664	532,628
Signature events	-	-	-	79,963	79,963	108,899
Investment income	17,224	-	-	-	17,224	-
	197,836	65,029	22,748	696,104	981,717	942,393
<b>Expenses:</b>						
Research, capital and specific grants	-	-	-	300,866	300,866	303,366
Patient support	-	-	21,239	93,252	114,491	104,026
Patient equipment	-	-	-	77,967	77,967	390,965
Events, fundraising and other costs	104	9,708	-	23,390	33,202	26,514
	104	9,708	21,239	495,475	526,526	824,871
<b>Excess of revenue over expenses</b>	197,732	55,321	1,509	200,629	455,191	117,522
Fund balances, beginning of year	485,175	(87,267)	331,541	1,567,690	2,297,139	2,010,263
Fund transfer	20,221	-	-	50,000	70,221	169,354
<b>Fund balances, end of year</b>	\$ 703,128	(31,946)	333,050	1,818,319	2,822,551	2,297,139