

Financial Statements of

NORTHERN CANCER FOUNDATION

Year ended March 31, 2018



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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, 2018, 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, 2018, 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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 12, 2018

NORTHERN CANCER FOUNDATION

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and deposit receipts	\$ 3,431,638	3,169,483
Investments (note 2)	2,343,013	2,205,342
Accounts receivable	41,319	59,843
Prepaid expenses	14,747	14,284
	<u>5,830,717</u>	<u>5,448,952</u>
Investments (note 2)	1,596,912	2,250,748
	<u>\$ 7,427,629</u>	<u>7,699,700</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,000	10,000
Deferred revenue	-	3,985
Payable to Health Sciences North	765,020	363,606
	<u>775,020</u>	<u>377,591</u>
Fund balances:		
Unrestricted	695,786	1,866,590
Restricted and endowments	5,956,823	5,455,519
	<u>6,652,609</u>	<u>7,322,109</u>
	<u>\$ 7,427,629</u>	<u>7,699,700</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, 2018, with comparative information for 2017

	Unrestricted		Restricted and Endowment		Total	Total
	2018	2017	2018	2017	2018	2017
	(Schedule)					
Revenue:						
Community donations	\$ 289,441	404,503	571,035	994,885	860,476	1,399,388
City of Greater Sudbury	-	-	300,866	300,866	300,866	300,866
Partner events	120,672	34,688	168,778	155,133	289,450	189,821
Investment income	170,559	261,922	30,000	37,000	200,559	298,922
Signature events	115,033	48,158	73,439	83,848	188,472	132,006
Bereavement	156,528	182,564	-	-	156,528	182,564
Grants	-	7,027	-	-	-	7,027
	852,233	938,862	1,144,118	1,571,732	1,996,351	2,510,594
Expenses:						
Capital grants and equipment	600,000	136,972	364,181	313,580	964,181	450,552
Research grants	835,972	610,557	22,099	45,012	858,071	655,569
Wages and benefits	384,507	380,350	-	-	384,507	380,350
Patient support	-	-	224,546	167,003	224,546	167,003
Administrative (schedule)	112,252	90,127	-	-	112,252	90,127
Signature events	37,793	19,021	23,924	25,682	61,717	44,703
Fundraising and partner events	38,378	51,726	6,064	41,584	44,442	93,310
Student bursaries	7,000	5,007	2,000	3,000	9,000	8,007
Volunteers	7,135	6,021	-	-	7,135	6,021
	2,023,037	1,299,781	642,814	595,861	2,665,851	1,895,642
Excess (deficiency) of revenue over expenses	(1,170,804)	(360,919)	501,304	975,871	(669,500)	614,952
Fund balances, beginning of year	1,866,590	2,227,509	5,455,519	4,479,648	7,322,109	6,707,157
Fund balances, end of year	\$ 695,786	1,866,590	5,956,823	5,455,519	6,652,609	7,322,109

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (669,500)	614,952
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	18,524	(2,837)
Increase in prepaid expenses	(463)	(7,860)
Increase (decrease) in deferred revenue	(3,985)	3,985
Increase in payable to Health Sciences North	401,414	200,556
	(254,010)	808,796
Cash flows from investing activities:		
Decrease (increase) in value of investments	516,165	(1,149,035)
Net increase (decrease) in cash and deposit receipts	262,155	(340,239)
Cash and deposit receipts, beginning of year	3,169,483	3,509,722
Cash and deposit receipts, end of year	\$ 3,431,638	3,169,483

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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, 2018

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:

	2018	2017
Current:		
Pooled funds	\$ 2,343,013	2,205,342
Long-term:		
Term deposits	\$ 767,227	1,501,163
Endowments – pooled funds	669,685	669,585
Shares in RNA Diagnostics	160,000	80,000
	\$ 1,596,912	2,250,748

3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) of \$300,866 (2017 – \$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 \$1,714,934 remains to be received. These amounts flow through the restricted fund.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2018

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 \$445,972 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 2017.

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. Sam Bruno PET Scan:

The funds raised in the Sam Bruno PET Scan Restricted Fund will be forwarded to Health Sciences North as they are necessary for the PET Scanner. It is anticipated that these funds will be required in fiscal 2019. The City of Greater Sudbury has pledged \$1 million over ten years to the Foundation which will be forwarded to Health Sciences North on receipt.

9. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

NORTHERN CANCER FOUNDATION

Schedule of Administrative Expenses

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Computer and website	\$ 31,600	14,487
Office supplies	25,706	20,515
Professional and investment services	23,752	21,047
Interest and bank charges	7,558	5,479
Insurance	7,193	7,097
Professional development	5,638	6,027
Donor recognition	3,345	1,819
Advertising	2,426	3,379
Travel and hospitality	1,830	5,131
Cost of merchandise	1,437	3,456
Telephone	921	624
Postage	846	1,066
	\$ 112,252	90,127

NORTHERN CANCER FOUNDATION

Schedule of Continuity of Restricted and Endowment Funds

Year ended March 31, 2018, with comparative information for 2017

Restricted Funds	Sam Bruno PET Scan (note 8)	Chair in Cancer Research (note 4)	Daffodil Terrace	Research and Other (note 7)	2018 Total	2017 Total
Revenue:						
Community donations and partner events	\$ 94,604	22,240	54,399	568,470	739,713	1,149,547
City of Greater Sudbury (note 3)	-	-	-	300,866	300,866	300,866
Signature events	-	-	-	73,439	73,439	83,093
Interest and other	30,000	-	-	-	30,000	37,000
	124,604	22,240	54,399	942,775	1,144,018	1,570,506
Expenses:						
Research, capital and specific grants	-	-	-	300,866	300,866	300,866
Patient support	-	-	49,086	151,945	201,031	164,721
Patient equipment	-	-	-	84,853	84,853	57,699
Events, fundraising and other costs	-	-	-	56,064	56,064	72,575
	-	-	49,086	593,728	642,814	595,861
Excess of revenue over expenses	124,604	22,240	5,313	349,047	501,204	974,645
Restricted fund balances, beginning of year	1,553,483	423,732	357,434	2,451,284	4,785,933	3,811,288
Restricted fund balances, end of year	1,678,087	445,972	362,747	2,800,331	5,287,137	4,785,933
Endowment funds:						
Endowment funds, beginning of year					669,586	668,360
Community donations					100	1,226
Endowment funds, end of year					669,686	669,586
					\$ 5,956,823	5,455,519