

Financial Statements of

NORTHERN CANCER FOUNDATION

Years ended March 31, 2013 and 2012



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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 statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 net assets.



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, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 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 single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants, Licensed Public Accountants

June 26, 2013
Sudbury, Canada

NORTHERN CANCER FOUNDATION

Statement of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash and deposit receipts	\$ 3,659,904	2,422,643	2,306,904
Investments (note 2)	2,113,590	1,955,628	1,899,531
Accounts receivable	23,570	93,225	19,649
Prepaid expenses	19,747	27,091	18,023
	<u>\$ 5,816,811</u>	<u>4,498,587</u>	<u>4,244,107</u>

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities	\$ 502,358	328,186	18,881
Payable to Health Sciences North	71,431	34,204	40,375
	<u>573,789</u>	<u>362,390</u>	<u>59,256</u>
Fund balances:			
Unrestricted	2,565,336	2,055,159	2,324,405
Restricted	1,955,997	1,359,849	1,139,332
Endowments	721,689	721,189	721,114
	<u>5,243,022</u>	<u>4,136,197</u>	<u>4,184,851</u>
	<u>\$ 5,816,811</u>	<u>4,498,587</u>	<u>4,244,107</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

Years ended March 31, 2013 and 2012

	Unrestricted		Restricted		Endowments		Total	Total
	2013	2012	2013	2012	2013	2012	2013	2012
	(Schedule)							
Revenue:								
Signature events	\$ 61,816	66,721	106,059	89,872	-	-	167,875	156,593
Partner events	131,696	24,070	144,529	85,824	-	-	276,225	109,894
Bereavement	242,692	197,138	-	-	-	-	242,692	197,138
Community donations	842,203	461,607	430,559	163,703	500	75	1,273,262	625,385
Investment income	191,064	88,726	-	-	-	-	191,064	88,726
City of Greater Sudbury	-	-	300,866	300,866	-	-	300,866	300,866
	1,469,471	838,262	982,013	640,265	500	75	2,451,984	1,478,602
Expenses:								
Research grants	580,299	718,010	5,347	65,284	-	-	585,646	783,294
Capital grants	-	-	300,866	300,866	-	-	300,866	300,866
Student bursaries	-	11,040	-	-	-	-	-	11,040
Patient support	-	-	32,203	25,080	-	-	32,203	25,080
Signature events	15,761	18,561	25,275	14,441	-	-	41,036	33,002
Fundraising and partner events	20,345	32,512	22,174	14,077	-	-	42,519	46,589
Wages and benefits	216,191	204,148	-	-	-	-	216,191	204,148
Administrative (schedule)	126,698	123,237	-	-	-	-	126,698	123,237
	959,294	1,107,508	385,865	419,748	-	-	1,345,159	1,527,256
Excess (deficiency) of revenue over expenses	510,177	(269,246)	596,148	220,517	500	75	1,106,825	(48,654)
Fund balances, beginning of year	2,055,159	2,324,405	1,359,849	1,139,332	721,189	721,114	4,136,197	4,184,851
Fund balances, end of year	\$ 2,565,336	2,055,159	1,955,997	1,359,849	721,689	721,189	5,243,022	4,136,197

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Statement of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,106,825	(48,654)
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	69,655	(73,576)
Decrease (increase) in prepaid expenses	7,344	(9,068)
Increase in accounts payable and accrued liabilities	174,172	309,305
Increase (decrease) in payable to Health Sciences North	37,227	(6,171)
	1,395,223	171,836
Cash flows from investing activities:		
Increase in value of investments	(157,962)	(56,097)
Net increase in cash and deposit receipts	1,237,261	115,739
Cash and deposit receipts, beginning of year	2,422,643	2,306,904
Cash and deposit receipts, end of year	\$ 3,659,904	2,422,643

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

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.

On April 1, 2012, the Foundation adopted Canadian accounting standards for not-for-profit organizations under Part III of the CICA Handbook. These are the first set of statements prepared in accordance with these standards. The effect of this adoption did not require any retrospective adjustment to fund balances at April 1, 2011 or deficiency of revenue over expenses for the year ended March 31, 2012.

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.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Years ended March 31, 2013 and 2012

1. Significant accounting policies (continued):

(c) 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.

(d) Investments:

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

2. Investments:

	2013		2012		2011	
	Cost	Market	Cost	Market	Cost	Market
Pooled funds	\$ 1,481,844	2,113,590	1,481,844	1,955,628	1,481,844	1,899,531

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Notes to Financial Statements

Years ended March 31, 2013 and 2012

3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) for \$300,866 (2012 - \$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 \$3,219,262 remains to be received. These amounts flow through the restricted fund.

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 2012.

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.

NORTHERN CANCER FOUNDATION

Schedule of Administrative Expenses

Years ended March 31, 2013 and 2012

	2013	2012
Computer and website	\$ 14,210	28,839
Office supplies	28,057	26,990
Professional and investment services	34,970	19,617
Cost of merchandise	3,191	14,622
Advertising	17,631	10,589
Insurance	7,002	6,984
Telephone	5,349	6,199
Donor recognition	8,183	2,975
Interest and bank charges	3,557	2,702
Professional development	1,939	1,523
Postage	956	1,104
Travel and hospitality	1,653	1,093
	\$ 126,698	123,237

NORTHERN CANCER FOUNDATION

Schedule of Restricted Fund Balances

Years ended March 31, 2013 and 2012

March 31, 2013	Sam Bruno PET Scan	Angels in Pink Breast Equipment	Daffodil Terrace	Research and Other (notes 4 and 7)	Total
Revenue:					
City of Greater Sudbury (note 3)	\$ -	-	-	300,866	300,866
Community donations and partner events	289,554	63,490	65,503	156,541	575,088
Signature events	-	-	-	106,059	106,059
	289,554	63,490	65,503	563,466	982,013
Expenses:					
Research, capital and specific grants	-	-	29,726	308,690	338,416
Events and fundraising costs	-	13,231	-	34,218	47,449
	-	13,231	29,726	342,908	385,865
Excess of revenue over expenses	289,554	50,259	35,777	220,558	596,148
Fund balances, beginning of year	65,754	21,224	316,203	956,668	1,359,849
Fund balances, end of year	\$ 355,308	71,483	351,980	1,177,226	1,955,997

March 31, 2012	Sam Bruno PET Scan	Angels in Pink Breast Equipment	Daffodil Terrace	Research and Other (notes 4 and 7)	Total
Revenue:					
City of Greater Sudbury (note 3)	\$ -	-	-	300,866	300,866
Community donations and partner events	65,754	21,369	48,453	113,951	249,527
Signature events	-	-	-	89,872	89,872
	65,754	21,369	48,453	504,689	640,265
Expenses:					
Research, capital and specific grants	-	-	5,783	385,447	391,230
Events and fundraising costs	-	145	-	28,373	28,518
	-	145	5,783	413,820	419,748
Excess of revenue over expenses	65,754	21,224	42,670	90,869	220,517
Fund balances, beginning of year	-	-	273,533	865,799	1,139,332
Fund balances, end of year	\$ 65,754	21,224	316,203	956,668	1,359,849