

Financial Statements of

**NORTHERN CANCER FOUNDATION**

Year ended March 31, 2014



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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, 2014, 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, 2014, 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*

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Chartered Professional Accountants, Licensed Public Accountants

June 17, 2014  
Sudbury, Canada

# NORTHERN CANCER FOUNDATION

## Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
<b>Assets</b>		
Current assets:		
Cash and deposit receipts	\$ 2,785,202	3,659,904
Investments (note 2)	1,660,631	1,256,901
Accounts receivable	336,050	23,570
Prepaid expenses	9,885	19,747
	<u>4,791,768</u>	<u>4,960,122</u>
Investments (note 2)	1,402,039	856,689
	<u>\$ 6,193,807</u>	<u>5,816,811</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 311,227	502,359
Payable to Health Sciences North	44,544	71,431
	<u>355,771</u>	<u>573,790</u>
Fund balances:		
Unrestricted	2,818,858	2,511,069
Restricted	2,297,139	2,010,263
Endowments	722,039	721,689
	<u>5,838,036</u>	<u>5,243,021</u>
	<u>\$ 6,193,807</u>	<u>5,816,811</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, 2014, with comparative information for 2013

	Unrestricted		Restricted		Endowments		Total	Total
	2014	2013	2014	2013	2014	2013	2014	2013
	(Schedule)							
Revenue:								
Signature events	\$ 60,088	61,816	108,899	106,059	-	-	168,987	167,875
Partner events	127,730	131,696	159,704	202,165	-	-	287,434	333,861
Bereavement	263,897	242,692	-	-	-	-	263,897	242,692
Community donations	945,360	784,566	372,924	430,559	350	500	1,318,634	1,215,625
Investment income	303,130	191,064	-	-	-	-	303,130	191,064
City of Greater Sudbury	-	-	300,866	300,866	-	-	300,866	300,866
	1,700,205	1,411,834	942,393	1,039,649	350	500	2,642,948	2,451,983
Expenses:								
Research and equipment grants	821,140	580,299	-	-	-	-	821,140	580,299
Capital grants	-	-	300,866	300,866	-	-	300,866	300,866
Student bursaries	9,000	-	2,500	-	-	-	11,500	-
Patient support	-	-	104,026	46,753	-	-	104,026	46,753
Patient equipment	-	-	390,965	172	-	-	390,965	172
Signature events	22,709	15,761	17,646	22,275	-	-	40,355	38,036
Fundraising and partner events	14,617	16,975	8,868	19,169	-	-	23,485	36,144
Wages and benefits	248,984	216,191	-	-	-	-	248,984	216,191
Administrative (schedule)	106,612	126,698	-	-	-	-	106,612	126,698
	1,223,062	955,924	824,871	389,235	-	-	2,047,933	1,345,159
<b>Excess of revenue over expenses</b>	477,143	455,910	117,522	650,414	350	500	595,015	1,106,824
Fund balances, beginning of year	2,511,069	2,055,159	2,010,263	1,359,849	721,689	721,189	5,243,021	4,136,197
Interfund transfer to restrict certain balances	(169,354)	-	169,354	-	-	-	-	-
<b>Fund balances, end of year</b>	\$ 2,818,858	2,511,069	2,297,139	2,010,263	722,039	721,689	5,838,036	5,243,021

See accompanying notes to financial statements.

# NORTHERN CANCER FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 595,015	1,106,824
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(312,482)	69,656
Decrease in prepaid expenses	9,862	7,344
Increase (decrease) in accounts payable and accrued liabilities	(191,131)	174,172
Increase (decrease) in payable to Health Sciences North	(26,886)	37,227
	74,378	1,395,223
Cash flows from investing activities:		
Increase in value of investments	(949,080)	(157,962)
<b>Net increase (decrease) in cash and deposit receipts</b>	<b>(874,702)</b>	<b>1,237,261</b>
Cash and deposit receipts, beginning of year	3,659,904	2,422,643
<b>Cash and deposit receipts, end of year</b>	<b>\$ 2,785,202</b>	<b>3,659,904</b>

See accompanying notes to financial statements.

# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2014

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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.

# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2014

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## 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, term deposits and shares and are recorded at market value.

## 2. Investments:

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	2014	2013
Current:		
Pooled funds	\$ 1,660,631	1,256,901
Long-term:		
Term deposits	\$ 600,000	135,000
Endowments	722,039	721,689
Shares in RNA Diagnostics	80,000	—
	\$ 1,402,039	856,689

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# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2014

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### 3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) for \$300,866 (2013 - \$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 \$2,918,396 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 2013.

### 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

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Computer and website	\$ 31,727	14,210
Office supplies	12,093	28,057
Professional and investment services	17,797	34,970
Cost of merchandise	8,362	3,191
Advertising	6,950	17,631
Insurance	6,485	7,002
Telephone	9,980	5,349
Donor recognition	5,360	8,183
Interest and bank charges	3,618	3,557
Professional development	2,598	1,939
Postage	803	956
Travel and hospitality	839	1,653
	\$ 106,612	126,698

# NORTHERN CANCER FOUNDATION

## Schedule of Restricted Fund Balances

Year ended March 31, 2014, with comparative information for 2013

	Sam Bruno PET Scan	Angels in Pink Breast Equipment	Daffodil Terrace	Research and Other (notes 4 and 7)	2014 Total	2013 Total
<b>Revenue:</b>						
City of Greater Sudbury (note 3)	\$ -	-	-	300,866	300,866	300,866
Community donations and partner events	130,717	41,614	33,446	326,851	532,628	632,724
Signature events	-	-	-	108,899	108,899	106,059
	130,717	41,614	33,446	736,616	942,393	1,039,649
<b>Expenses:</b>						
Research, capital and specific grants	-	-	-	303,366	303,366	300,866
Patient support	-	-	53,885	50,141	104,026	46,753
Patient equipment	-	198,139	-	192,826	390,965	172
Events and fundraising costs	-	2,225	-	24,289	26,514	41,444
	-	200,364	53,885	570,622	824,871	389,235
<b>Excess (deficiency) of revenue over expenses</b>	130,717	(158,750)	(20,439)	165,994	117,522	650,414
Fund balances, beginning of year	355,308	71,483	351,980	1,231,492	2,010,263	1,359,849
Fund transfer	-	-	-	169,354	169,354	-
<b>Fund balances, end of year</b>	\$ 486,025	(87,267)	331,541	1,566,840	2,297,139	2,010,263