

Financial Statements of

**NORTHERN CANCER FOUNDATION**

Year ended March 31, 2016



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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, 2016, 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, 2016, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

June 21, 2016  
Sudbury, Canada

# NORTHERN CANCER FOUNDATION

## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and deposit receipts	\$ 3,509,722	2,694,655
Investments (note 2)	1,912,802	1,939,664
Accounts receivable	57,006	37,905
Prepaid expenses	6,424	8,385
	<u>5,485,954</u>	<u>4,680,609</u>
Investments (note 2)	1,394,253	1,545,349
	<u>\$ 6,880,207</u>	<u>6,225,958</u>
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,000	10,000
Payable to Health Sciences North	163,051	49,229
	<u>173,051</u>	<u>59,229</u>
Fund balances:		
Unrestricted	2,256,509	2,621,879
Restricted	3,728,248	2,822,551
Endowments	722,399	722,299
	<u>6,707,156</u>	<u>6,166,729</u>
Subsequent event (note 8)		
	<u>\$ 6,880,207</u>	<u>6,225,958</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, 2016, with comparative information for 2015

	Unrestricted		Restricted		Endowments		Total	Total
	2016	2015	2016	2015	2016	2015	2016	2015
	(Schedule)							
Revenue:								
Signature events	\$ 80,196	40,553	67,437	79,963	-	-	147,633	120,516
Partner events	72,915	79,058	142,539	163,915	-	-	215,454	242,973
Bereavement	231,532	238,485	-	-	-	-	231,532	238,485
Community donations	419,987	612,619	1,067,975	419,749	100	260	1,488,062	1,032,628
Investment income	22,079	321,805	-	17,224	-	-	22,079	339,029
Grants	20,000	-	-	-	-	-	20,000	-
City of Greater Sudbury	-	-	300,866	300,866	-	-	300,866	300,866
	846,709	1,292,520	1,578,817	981,717	100	260	2,425,626	2,274,497
Expenses:								
Research grants	561,431	933,235	-	-	-	-	561,431	933,235
Capital grants	-	-	300,866	300,866	-	-	300,866	300,866
Student bursaries	5,075	11,500	-	1,000	-	-	5,075	12,500
Patient support	-	-	178,238	114,491	-	-	178,238	114,491
Patient equipment	29,910	27,370	148,979	77,967	-	-	178,889	105,337
Signature events	40,898	16,776	15,768	13,350	-	-	56,666	30,126
Fundraising and partner events	51,014	24,582	29,269	18,852	-	-	80,283	43,434
Wages and benefits	341,798	263,778	-	-	-	-	341,798	263,778
Volunteers	42,669	42,782	-	-	-	-	42,669	42,782
Administrative (schedule)	139,284	99,255	-	-	-	-	139,284	99,255
	1,212,079	1,419,278	673,120	526,526	-	-	1,885,199	1,945,804
<b>Excess (deficiency) of revenue over expenses</b>	(365,370)	(126,758)	905,697	455,191	100	260	540,427	328,693
Fund balances, beginning of year	2,621,879	2,818,858	2,822,551	2,297,139	722,299	722,039	6,166,729	5,838,036
Interfund transfer to restrict certain balances	-	(70,221)	-	70,221	-	-	-	-
<b>Fund balances, end of year</b>	\$ 2,256,509	2,621,879	3,728,248	2,822,551	722,399	722,299	6,707,156	6,166,729

See accompanying notes to financial statements.

# NORTHERN CANCER FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 540,427	328,693
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(19,101)	298,145
Decrease in prepaid expenses	1,961	1,500
Decrease in accounts payable and accrued liabilities	-	(301,227)
Increase in payable to Health Sciences North	113,822	4,685
	637,109	331,796
Cash flows from investing activities:		
Decrease (increase) in value of investments	177,958	(422,343)
<b>Net increase (decrease) in cash and deposit receipts</b>	815,067	(90,547)
Cash and deposit receipts, beginning of year	2,694,655	2,785,202
<b>Cash and deposit receipts, end of year</b>	<b>\$ 3,509,722</b>	<b>2,694,655</b>

See accompanying notes to financial statements.

# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2016

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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, 2016

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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:

	2016	2015
Current:		
Pooled funds	\$ 1,912,802	1,939,664
Long-term:		
Term deposits	\$ 591,854	743,050
Endowments – pooled funds	722,399	722,299
Shares in RNA Diagnostics	80,000	80,000
	\$ 1,394,253	1,545,349

## 3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) of \$300,866 (2015 - \$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 \$2,316,665 remains to be received. These amounts flow through the restricted fund.



# NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2016

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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 2015.

## 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. Subsequent event:

The City of Greater Sudbury has pledged \$1 million to the Foundation towards the purchase of the Sam Bruno Petscan.

# NORTHERN CANCER FOUNDATION

## Schedule of Administrative Expenses

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Computer and website	\$ 42,677	21,898
Office supplies	27,591	20,148
Professional and investment services	24,241	26,616
Advertising	11,313	1,930
Insurance	7,147	6,915
Professional development	6,210	2,351
Interest and bank charges	5,289	5,420
Telephone	4,983	7,844
Travel and hospitality	4,166	1,477
Donor recognition	2,946	1,103
Cost of merchandise	1,918	1,954
Postage	803	1,599
	\$ 139,284	99,255

# NORTHERN CANCER FOUNDATION

## Schedule of Restricted Fund Balances

Year ended March 31, 2016, with comparative information for 2015

	Sam Bruno PET Scan	Angels in Pink Breast Equipment	Daffodil Terrace	Research and Other (notes 4 and 7)	2016 Total	2015 Total
<b>Revenue:</b>						
City of Greater Sudbury (note 3)	\$ -	-	-	300,866	300,866	300,866
Community donations and partner events	395,287	33,384	20,484	761,359	1,210,514	583,664
Signature events	-	-	-	67,437	67,437	79,963
Investment income	-	-	-	-	-	17,224
	395,287	33,384	20,484	1,129,662	1,578,817	981,717
<b>Expenses:</b>						
Research, capital and specific grants	-	-	-	300,866	300,866	300,866
Patient support	-	-	7,529	170,709	178,238	114,491
Patient equipment	-	53,239	-	95,740	148,979	77,967
Events, fundraising and other costs	-	-	-	45,037	45,037	33,202
	-	53,239	7,529	612,352	673,120	526,526
<b>Excess (deficiency) of revenue over expenses</b>	395,287	(19,855)	12,955	517,310	905,697	455,191
Fund balances, beginning of year	703,128	(31,946)	333,050	1,818,319	2,822,551	2,297,139
Fund transfer	-	-	-	-	-	70,221
<b>Fund balances, end of year</b>	\$ 1,098,415	(51,801)	346,005	2,335,629	3,728,248	2,822,551