

Financial Statements of

NORTHERN CANCER FOUNDATION

Year ended March 31, 2017



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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, 2017, 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, 2017, 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 23, 2017

Sudbury, Canada

NORTHERN CANCER FOUNDATION

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash and deposit receipts	\$ 3,169,483	3,509,722
Investments (note 2)	2,149,573	1,912,802
Accounts receivable	59,843	57,006
Prepaid expenses	14,284	6,424
	<u>5,393,183</u>	<u>5,485,954</u>
Investments (note 2)	2,306,517	1,394,253
	<u>\$ 7,699,700</u>	<u>6,880,207</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	363,607	163,051
	<u>377,592</u>	<u>173,051</u>
Fund balances:		
Unrestricted	1,931,590	2,256,509
Restricted	4,665,164	3,728,248
Endowments	725,354	722,399
	<u>7,322,108</u>	<u>6,707,156</u>
Commitment (note 8)		
	<u>\$ 7,699,700</u>	<u>6,880,207</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, 2017, with comparative information for 2016

	Unrestricted		Restricted		Endowments		Total	Total
	2017	2016	2017	2016	2017	2016	2017	2016
	(Schedule)							
Revenue:								
Community donations	\$ 404,503	419,987	991,930	1,067,975	2,955	100	1,399,388	1,488,062
City of Greater Sudbury	-	-	300,866	300,866	-	-	300,866	300,866
Investment income	298,922	22,079	-	-	-	-	298,922	22,079
Partner events	34,688	72,915	155,133	142,539	-	-	189,821	215,454
Bereavement	182,564	231,532	-	-	-	-	182,564	231,532
Signature events	48,158	80,196	83,848	67,437	-	-	132,006	147,633
Grants	7,027	20,000	-	-	-	-	7,027	20,000
	975,862	846,709	1,531,777	1,578,817	2,955	100	2,510,594	2,425,626
Expenses:								
Research grants	610,557	561,431	45,012	-	-	-	655,569	561,431
Capital grants	136,972	-	300,866	300,866	-	-	437,838	300,866
Wages and benefits	380,350	341,798	-	-	-	-	380,350	341,798
Patient support	-	-	167,003	178,238	-	-	167,003	178,238
Fundraising and partner events	51,726	51,014	41,584	29,269	-	-	93,310	80,283
Administrative (schedule)	90,127	139,284	-	-	-	-	90,127	139,284
Signature events	19,021	40,898	25,682	15,768	-	-	44,703	56,666
Patient equipment	-	29,910	12,714	148,979	-	-	12,714	178,889
Student bursaries	6,007	5,075	2,000	-	-	-	8,007	5,075
Volunteers	6,021	42,669	-	-	-	-	6,021	42,669
	1,300,781	1,212,079	594,861	673,120	-	-	1,895,642	1,885,199
Excess (deficiency) of revenue over expenses	(324,919)	(365,370)	936,916	905,697	2,955	100	614,952	540,427
Fund balances, beginning of year	2,256,509	2,621,879	3,728,248	2,822,551	722,399	722,299	6,707,156	6,166,729
Fund balances, end of year	\$ 1,931,590	2,256,509	4,665,164	3,728,248	725,354	722,399	7,322,108	6,707,156

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 614,952	540,427
Change in non-cash working capital:		
Increase in accounts receivable	(2,837)	(19,101)
Decrease (increase) in prepaid expenses	(7,860)	1,961
Increase in deferred revenue	3,985	-
Increase in payable to Health Sciences North	200,556	113,822
	808,796	637,109
Cash flows from investing activities:		
Decrease (increase) in value of investments	(1,149,035)	177,958
Net increase (decrease) in cash and deposit receipts	(340,239)	815,067
Cash and deposit receipts, beginning of year	3,509,722	2,694,655
Cash and deposit receipts, end of year	\$ 3,169,483	3,509,722

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2017

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, 2017

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:

	2017	2016
Current:		
Pooled funds	\$ 2,149,573	1,912,802
Long-term:		
Term deposits	\$ 1,501,163	591,854
Endowments – pooled funds	725,354	722,399
Shares in RNA Diagnostics	80,000	80,000
	\$ 2,306,517	1,394,253

3. City of Greater Sudbury contributions:

The grants from the City of Greater Sudbury (“the City”) of 300,866 (2016 – \$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 \$2,015,799 remains to be received. These amounts flow through the restricted fund.

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Notes to Financial Statements

Year ended March 31, 2017

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 \$423,732 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 2016.

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. Commitment:

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.

NORTHERN CANCER FOUNDATION

Schedule of Administrative Expenses

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Professional and investment services	\$ 21,047	24,241
Office supplies	20,515	27,591
Computer and website	14,487	42,677
Insurance	7,097	7,147
Professional development	6,027	6,210
Interest and bank charges	5,479	5,289
Travel and hospitality	5,131	4,166
Cost of merchandise	3,456	1,918
Advertising	3,379	11,313
Donor recognition	1,819	2,946
Postage	1,066	803
Telephone	624	4,983
	\$ 90,127	139,284

NORTHERN CANCER FOUNDATION

Schedule of Restricted Fund Balances

Year ended March 31, 2017, with comparative information for 2016

	Sam Bruno PET Scan	Chair in Cancer Research	Daffodil Terrace	Research and Other (notes 4 and 7)	2017 Total	2016 Total
Revenue:						
City of Greater Sudbury (note 3)	\$ -	-	-	300,866	300,866	300,866
Community donations and partner events	421,995	372,742	31,884	321,197	1,147,818	1,210,514
Signature events	-	-	-	83,093	83,093	67,437
	421,995	372,742	31,884	705,156	1,531,777	1,578,817
Expenses:						
Research, capital and specific grants	-	-	-	300,866	300,866	300,866
Patient support	-	-	20,453	144,268	164,721	178,238
Patient equipment	-	-	-	57,699	57,699	148,979
Events, fundraising and other costs	-	-	-	71,575	71,575	45,037
	-	-	20,453	574,408	594,861	673,120
Excess of revenue over expenses	421,995	372,742	11,431	130,748	936,916	905,697
Fund balances, beginning of year	1,098,415	50,990	346,005	2,232,838	3,728,248	2,822,551
Fund balances, end of year	\$ 1,520,410	423,732	357,436	2,363,586	4,665,164	3,728,248