

**Kids With Cancer Society of Northern Alberta**  
**Financial Statements**  
*December 31, 2017*



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## INDEPENDENT AUDITORS' REPORT

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To the Members of Kids with Cancer Society of Northern Alberta

We have audited the accompanying financial statements of Kids with Cancer Society of Northern Alberta, which comprise the statement of financial position as at December 31, 2017 the statements of operations, changes in net assets and cash flows for the year then ended, and 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 Not-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 the auditor's 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, the auditor considers 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 policies 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 audit opinion.

### ***Basis for Qualified Opinion***

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities and donations, the completeness of which is not susceptible to audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society, and we were unable to determine whether any adjustments might be necessary to fundraising and donation revenues, excess of revenues over expenditures, assets and net assets.

### ***Qualified Opinion***

In our opinion, except for the possible effects 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 Society as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Edmonton, Alberta  
May 24, 2018

*Collins Barrow Edmonton LLP*  
Chartered Professional Accountants

## Kids With Cancer Society of Northern Alberta Statement of Financial Position

As at December 31, 2017

	General Fund	Restricted Fund	<b>2017</b>	General Fund	Restricted Fund	2016 (restated) (Note 3)
<b>Assets</b>						
<b>Current</b>						
Cash	1,365,473	816,817	<b>2,182,290</b>	1,028,293	175,000	1,203,293
Investments (Note 4)	1,933,757	-	<b>1,933,757</b>	1,924,108	-	1,924,108
Donations receivable	115,739	-	<b>115,739</b>	111,000	-	111,000
Accrued interest	3,384	-	<b>3,384</b>	2,412	-	2,412
Goods and services tax receivable	20,206	-	<b>20,206</b>	12,541	-	12,541
Prepaid expenses and deposits	14,765	-	<b>14,765</b>	22,812	-	22,812
	3,453,324	816,817	<b>4,270,141</b>	3,101,166	175,000	3,276,166
<b>Capital assets (Note 5)</b>	928,636	790,411	<b>1,719,047</b>	952,630	575,000	1,527,630
	4,381,960	1,607,228	<b>5,989,188</b>	4,053,796	750,000	4,803,796
<b>Liabilities</b>						
<b>Current</b>						
Accounts payable and accruals	28,554	75,126	<b>103,680</b>	39,366	-	39,366
Deferred contributions (Note 6)	51,942	-	<b>51,942</b>	112,115	-	112,115
	80,496	75,126	<b>155,622</b>	151,481	-	151,481
Deferred capital contributions relating to capital assets (Note 7)	469,177	-	<b>469,177</b>	488,726	-	488,726
	549,673	75,126	<b>624,799</b>	640,207	-	640,207
<b>Commitments (Note 8)</b>						
<b>Net Assets</b>						
Invested in capital assets	459,459	-	<b>459,459</b>	463,904	-	463,904
Unrestricted net assets	3,372,828	-	<b>3,372,828</b>	2,949,685	-	2,949,685
Externally restricted net assets	-	1,532,102	<b>1,532,102</b>	-	750,000	750,000
	3,832,287	1,532,102	<b>5,364,389</b>	3,413,589	750,000	4,163,589
	4,381,960	1,607,228	<b>5,989,188</b>	4,053,796	750,000	4,803,796

Approved on behalf of the Board



Director



Director

**Kids With Cancer Society of Northern Alberta**  
**Statement of Operations**

*As at December 31, 2017*

	General Fund	Restricted Fund	2017	General Fund	Restricted Fund	2016 (restated) (Note 3)
<b>Revenues</b>						
Donations	1,213,313	782,103	1,995,416	1,375,861	750,000	2,125,861
Fundraising events	1,383,521	-	1,383,521	804,267	-	804,267
Casino	77,852	-	77,852	-	-	-
Investments	14,560	-	14,560	17,415	-	17,415
Grants	8,235	-	8,235	3,780	-	3,780
<b>Total revenues</b>	<b>2,697,481</b>	<b>782,103</b>	<b>3,479,584</b>	<b>2,201,323</b>	<b>750,000</b>	<b>2,951,323</b>
<b>Expenses</b>						
Clinical and support programs	1,090,204	-	1,090,204	1,138,695	-	1,138,695
Administrative	490,315	4,288	494,603	407,000	-	407,000
Research	320,000	-	320,000	315,000	-	315,000
Fundraising activities	234,584	-	234,584	212,210	-	212,210
Contributions to charities (Note 11)	100,000	-	100,000	100,000	-	100,000
Donated programs	14,207	-	14,207	45,187	-	45,187
<b>Total expenses</b>	<b>2,249,310</b>	<b>4,288</b>	<b>2,253,598</b>	<b>2,218,092</b>	<b>-</b>	<b>2,218,092</b>
<b>Excess (deficiency) of revenues over expenses before other items</b>	<b>448,171</b>	<b>777,815</b>	<b>1,225,986</b>	<b>(16,769)</b>	<b>750,000</b>	<b>733,231</b>
<b>Other items</b>						
Amortization	(25,186)	-	(25,186)	(27,543)	-	(27,543)
<b>Excess (deficiency) of revenues over expenses</b>	<b>422,985</b>	<b>777,815</b>	<b>1,200,800</b>	<b>(44,312)</b>	<b>750,000</b>	<b>705,688</b>

The accompanying notes are an integral part of these financial statements

**Kids With Cancer Society of Northern Alberta**  
**Statement of Changes in Net Assets**

*For the year ended December 31, 2017*

	<b>General Fund Invested in Capital Assets</b>	<b>Unrestricted Net Assets</b>	<b>Restricted Fund Externally Restricted Net Assets</b>	<b>2017</b>	<b>2016 (restated) (Note 3)</b>
<b>Net assets, beginning of year</b>	<b>463,904</b>	<b>2,949,685</b>	<b>750,000</b>	<b>4,163,589</b>	3,457,901
<b>Excess (deficiency) of revenues over expenses</b>	<b>(25,186)</b>	<b>448,171</b>	<b>777,815</b>	<b>1,200,800</b>	705,688
<b>Interfund transfers</b>	<b>20,741</b>	<b>(25,028)</b>	<b>4,287</b>	-	-
<b>Net assets, end of year</b>	<b>459,459</b>	<b>3,372,828</b>	<b>1,532,102</b>	<b>5,364,389</b>	4,163,589

*The accompanying notes are an integral part of these financial statements*

**Kids With Cancer Society of Northern Alberta**  
**Statements of Cash Flows**

*For the year ended December 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash receipts from grants	-	3,780
Cash received from contributions	1,896,740	1,967,989
Fundraising events	1,148,937	592,057
Clinical and support programs	(1,182,158)	(1,151,528)
Administrative costs	(422,046)	(425,413)
Research programs	(10,000)	(315,000)
Contributions to other charities	(310,000)	(100,000)
Interest from investments	3,939	3,281
Recovery of goods and services tax	(7,665)	381
Casino	77,852	-
	<b>1,195,599</b>	<b>575,547</b>
<b>Investing</b>		
Purchase of capital assets	(216,602)	(575,802)
<b>Increase (decrease) in cash</b>	<b>978,997</b>	<b>(255)</b>
<b>Cash, beginning of year</b>	<b>1,203,293</b>	<b>1,203,548</b>
<b>Cash, end of year</b>	<b>2,182,290</b>	<b>1,203,293</b>

*The accompanying notes are an integral part of these financial statements*

# Kids With Cancer Society of Northern Alberta

## Notes to the Financial Statements

For the year ended December 31, 2017

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### 1. Incorporation and nature of the organization

Kids With Cancer Society of Northern Alberta (the "Society") was incorporated under the Canada Corporations Act as a Not-For-Profit organization and is a registered charity under the Income Tax Act. The purpose of the Society is to meet the needs of children and their families through the identification and provision of support, clinical programs, and research.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Fund Accounting**

The Society uses the restricted fund method of accounting for externally restricted contributions.

The general fund accounts for current operations and programs as well as the Society's general operations, unrestricted contributions and restricted contributions to be used for operations.

The restricted fund accounts for the Society's activities related to the Accommodations Project.

#### **Cash**

Cash consists of cash on hand and bank balances.

#### **Revenue recognition**

Contributions for the accommodation project are recognized as revenue in the restricted fund. Unrestricted contributions are recognized as revenue in the general fund. Restricted contributions not recognized in the restricted fund are recognized in the general fund using the deferral method. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

#### **Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

In the year of acquisition, amortization is taken at one half the normal rate.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	4 %
Computer equipment	straight line	30 %
Computer software	straight line	100 %
Furniture and fixtures	straight line	20 %
Building improvements	straight line	20 %
Database	straight line	20 %

#### **Contributed materials and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Contributed services where fair value cannot be reasonably estimated are not recognized in the financial statements. Volunteers contribute significant hours per year to assist the Society in carrying out its service delivery activities.

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# Kids With Cancer Society of Northern Alberta

## Notes to the Financial Statements

For the year ended December 31, 2017

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### 2. Significant accounting policies (continued)

#### ***Financial instruments***

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management.

At initial recognition, the Society may irrevocably elect to subsequently measure any financial instrument at fair value.

The Society subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Society's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

#### **Financial asset impairment**

The Society assesses impairment of all of its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

#### ***Measurement uncertainty (use of estimates)***

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Donations receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the periods in which they become known.

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## Kids With Cancer Society of Northern Alberta Notes to the Financial Statements

*For the year ended December 31, 2017*

### 2. Significant accounting policies (continued)

#### **Allocation of expenses**

The Society engages in clinical and support programs, research programs and fundraising programs. The costs of each program include the costs of specific expenses that are directly related to providing the program. The Society also incurs personnel expenses that are common to the administration of the Society and each of its programs.

The Society allocates its personnel expenses based on estimated time expended on the program multiplied by the calculated hourly rate of the Society staff member.

### 3. Change in Accounting Policy

The Society changed their accounting policy for recognition of contributions from the deferral method to the restricted fund method. This change in accounting policy has been applied retrospectively and as a result the comparative figures have been restated as follows:

	Balance as Previously Stated	Change in Accounting Policy	Balance As Restated
Deferred contributions related to capital assets	1,238,726	(750,000)	488,726
Net assets	3,413,589	750,000	4,163,589
Revenue	2,201,323	750,000	2,951,323

### 4. Investments

The investments are made up of redeemable term deposits of \$1,933,757 (2016 - \$1,924,108) bearing interest at 0.70% (2016 - 0.50%) per annum, with maturities ranging from August 19, 2018 to September 14, 2018.

### 5. Capital assets

	Cost	Accumulated amortization	2017 Net book value	2016 Net book Value
<b>General Fund:</b>				
Land	386,191	-	386,191	386,191
Buildings	762,000	223,295	538,705	561,153
Computer equipment	21,423	20,315	1,108	881
Computer software	863	863	-	-
Furniture and fixtures	62,190	61,655	535	909
Building improvements	3,929	3,929	-	-
Database	28,257	26,160	2,097	3,496
<b>Restricted Fund:</b>				
Land	293,250	-	293,250	293,250
Building	497,161	-	497,161	281,750
	<b>2,055,264</b>	<b>336,217</b>	<b>1,719,047</b>	<b>1,527,630</b>

Amounts capitalized to the building under the restricted fund have not been amortized as the building has not been put into use.

**Kids With Cancer Society of Northern Alberta**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2017*

**6. Deferred contributions**

Deferred contributions consist of unspent contributions externally restricted for the running of specific programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2017	2016
Balance, beginning of year	112,115	98,499
Amount received during the year	51,942	112,115
Less: Amount recognized as revenue during the year	<u>(112,115)</u>	<u>(98,499)</u>
<b>Balance, end of year</b>	<b>51,942</b>	<b>112,115</b>

**7. Deferred contributions related to capital assets**

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets in the general fund. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2017	2016
Balance, beginning of year	488,726	509,090
Amount received during the year	-	-
Less: Amounts recognized as revenue during the year	<u>(19,549)</u>	<u>(20,364)</u>
<b>Balance, end of year</b>	<b>469,177</b>	<b>488,726</b>

**8. Commitments**

The Society has entered into various commitments with organizations that provide like minded and complimentary services with estimated minimum annual payments as follows:

2018	343,860
2019	343,860
2020	155,000
	<u>842,720</u>

**Kids With Cancer Society of Northern Alberta**  
**Notes to the Financial Statements**

*For the year ended December 31, 2017*

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**9. Financial instruments**

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society's investments in money market instruments exposes the Society to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

**10. Fundraising expenses**

As required under the Charitable Fundraising Act of Alberta, the Society reports that approximately \$23,333 was paid as remuneration to an employee in respect of fundraising related work in the year ended December 31, 2017 (2016 - \$72,900). It should be noted that this employee only worked the first part of the year and the position was left unfilled for the remainder of 2017.

**11. Contributions to charities**

Of the funds contributed in the current year \$100,000 are donated to the Kids Cancer Care Foundation of Alberta (2016 - \$100,000).

**12. Allocation of expenses**

Salaries and wages of \$124,567 have been allocated to clinical and support programs in 2017 (2016 - \$166,077) based on estimated hours worked by various staff members at their calculated rates.

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