KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA
Financial Statements
Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Kids With Cancer Society of Northern Alberta

Qualified Opinion

We have audited the financial statements of Kids With Cancer Society of Northern Alberta (the Society), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2020, 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.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from fundraising activities and donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Alberta LLP

Edmonton, Alberta
June 2, 2021

Chartered Professional Accountants

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Financial Position

December 31, 2020

	General Fund	Restricted Fund	**2020**	2019
ASSETS				
CURRENT				
Cash	$ 2,933,477	$ 530,065	**$ 3,463,542**	$ 846,833
Investments *(Note 3)*	-	-	**-**	1,959,006
Donations receivable	115,574	-	**115,574**	41,882
Accrued interest	-	-	**-**	7,836
Goods and services tax receivable	6,351	-	**6,351**	45,043
Prepaid expenses and deposits	9,421	-	**9,421**	7,928
	3,064,823	530,065	**3,594,888**	2,908,528
TANGIBLE CAPITAL ASSETS *(Note 4)*	924,892	1,825,038	**2,749,930**	2,811,190
	$ 3,989,715	$ 2,355,103	**$ 6,344,818**	$ 5,719,718
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accruals	$ 46,140	$ -	**$ 46,140**	$ 88,242
Deferred contributions *(Note 5)*	144,979	-	**144,979**	89,949
	191,119	-	**191,119**	178,191
DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS *(Note 6)*	415,098	-	**415,098**	432,394
	606,217	-	**606,217**	610,585
NET ASSETS				
Invested in tangible capital assets	509,794	-	**509,794**	505,472
Unrestricted net assets	2,873,704	-	**2,873,704**	2,182,492
Externally restricted net assets	-	2,355,103	**2,355,103**	2,421,169
	3,383,498	2,355,103	**5,738,601**	5,109,133
	$ 3,989,715	$ 2,355,103	**$ 6,344,818**	$ 5,719,718

COMMITMENTS *(Note 7)*

APPROVED ON BEHALF OF THE BOARD

_________________ *Director* _________________ *Director*

OCTOBER 14/2021

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Operations

Year Ended December 31, 2020

	General Fund	Restricted Fund	**2020**	2019
REVENUES				
Donations	$ 1,384,043	$ 160,000	**$ 1,544,043**	$ 1,856,901
Fundraising events	942,995	-	**942,995**	1,058,371
Grants	-	-	**-**	9,355
Investments	26,614	3,620	**30,234**	20,980
Casino	7,990	-	**7,990**	75,007
	2,361,642	163,620	**2,525,262**	3,020,614
EXPENSES				
Clinical and support programs	1,217,208	-	**1,217,208**	1,578,426
Administrative	233,361	-	**233,361**	257,919
Research	205,000	-	**205,000**	545,000
Fundraising activities	245,264	-	**245,264**	416,020
Contributions to charities *(Note 10)*	7,997	-	**7,997**	100,000
Accommodation project	-	76,554	**76,554**	77,735
Donated programs	-	-	**-**	19,730
	1,908,830	76,554	**1,985,384**	2,994,830
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	452,812	87,066	**539,878**	25,784
OTHER EXPENSES (INCOME)				
Amortization	36,599	54,479	**91,078**	89,439
Canadian Emergency Wage Subsidy	(161,631)	(19,037)	**(180,668)**	-
	(125,032)	35,442	**(89,590)**	89,439
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	$ 577,844	$ 51,624	**$ 629,468**	$ (63,655)

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Changes in Net Assets

Year Ended December 31, 2020

	General Fund		Restricted Fund		
	Invested in Tangible Capital Assets	Unrestricted Net Assets	Externally Restricted Net Assets	**2020**	2019
NET ASSETS - BEGINNING OF YEAR	$ 505,472	$ 2,182,492	$ 2,421,169	**$ 5,109,133**	$ 5,172,788
Excess (deficiency) of revenues over expenses	(19,303)	597,147	51,624	**629,468**	(63,655)
Purchase of tangible capital assets	23,625	(29,818)	6,193	**-**	-
Interfund transfer	-	123,883	(123,883)	**-**	-
NET ASSETS - END OF YEAR	$ 509,794	$ 2,873,704	$ 2,355,103	**$ 5,738,601**	$ 5,109,133

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Cash Flows

Year Ended December 31, 2020

		2020		2019
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:				
OPERATING ACTIVITIES				
Cash receipts from grants	**$**	**180,668**	$	9,355
Cash spent on the Accommodations project		**(76,554)**		(77,735)
Cash received from contributions		**1,510,075**		1,812,771
Fundraising events		**697,731**		642,350
Clinical and support programs		**(1,218,701)**		(1,575,168)
Administrative costs		**(275,463)**		(239,202)
Research programs		**(205,000)**		(545,000)
Contributions to other charities		**(7,997)**		(100,000)
Interest from investments		**38,070**		4,359
Expended (recovery) of goods and services tax		**38,692**		(12,063)
Casino		**6,000**		2,818
		687,521		(77,515)
INVESTING ACTIVITIES				
Purchase of tangible capital assets		**(29,818)**		(9,110)
Proceeds on disposal of tangible capital assets		**-**		21,962
Proceeds from investment		**1,959,006**		-
		1,929,188		12,852
INCREASE (DECREASE) IN CASH		**2,616,709**		(64,663)
Cash - beginning of year		**846,833**		911,496
CASH - END OF YEAR	**$**	**3,463,542**	$	846,833

See notes to financial statements

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 identification and provision of support, clinical programs, and research.

2. SUMMARY OF 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 not related to the Accommodation Project.

The restricted fund accounts for the Society's activities related to the Accommodations Project. The Accommodation Project is a house that began operations in September 2018. The house will provide short-term accommodation for families coming to Edmonton for treatment and follow-up.

Cash

Cash consists of cash on hand and bank balances.

Investments

Investments consist of guaranteed investment securities with a maturity date of less than one year.

Revenue recognition

Contributions for the accommodation project are recognized as revenue in the restricted fund. This revenue is recognized when received. Unrestricted contributions are recognized 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 when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible 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.

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

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

Buildings	4%	declining balance method
Computer equipment	30%	straight-line method
Computer software	100%	straight-line method
Furniture and fixtures	20%	straight-line method
Building improvements	20%	straight-line method
Database	20%	straight-line method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital assets is recorded as an expense in the statement of operations. A write-down shall not be reversed.

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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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

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.

All of the Society's financial assets and liabilities are subsequently measured at amortized cost.

Financial assets measured at amortized cost include cash, investments, accrued interest and donations receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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. INVESTMENTS

The investments are comprised of guaranteed investment securities of $nil (2019 - $1,959,006) bearing interest at nil% (2019 - 1.60%) per annum, with maturities ranging from August 20, 2020 to September 15, 2020.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	**2020 Net book value**	2019 Net book value
General Fund				
Land	$ 386,191	$ -	**$ 386,191**	$ 386,191
Buildings	762,000	285,388	**476,612**	496,470
Computer equipment	30,252	23,657	**6,595**	4,617
Computer software	2,032	1,447	**585**	-
Furniture and fixtures	72,840	66,627	**6,213**	8,471
Building improvements	81,190	33,053	**48,137**	41,559
Database	28,257	27,698	**559**	559
	1,362,762	437,870	**924,892**	937,867
Restricted Fund				
Land	834,738	-	**834,738**	828,544
Building	1,053,914	102,905	**951,009**	990,661
Furniture	74,138	34,847	**39,291**	54,118
	1,962,790	137,752	**1,825,038**	1,873,323
	$ 3,325,552	$ 575,622	**$ 2,749,930**	$ 2,811,190

5. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent contributions externally restricted for specific programs which includes the Beaded Journey Gala, Revving up for Kids and Alberta Gaming, Liquor and Cannabis Commission agreements. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contributions balance are as follows:

	2020	2019
Balance, beginning of year	**$ 89,949**	$ 132,824
Amount received during the year	**111,398**	89,949
Casino contributions	**6,146**	-
Less: Amount recognized as revenue during the year	**(62,514)**	(132,824)
Balance, end of year	**$ 144,979**	$ 89,949

6. 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:

	2020	2019
Balance, beginning of year	**$ 432,394**	$ 450,410
Less: Amounts recognized as revenue during the year	**(17,296)**	(18,016)
Balance, end of year	**$ 415,098**	$ 432,394

7. COMMITMENTS

The Society has entered into various commitments with organizations that provide like minded and complimentary services. These include clinical outcomes and research infrastructure. The estimated minimum annual payments are as follows:

2021	**$ 435,000**
2022	**467,720**
2023	**340,000**
2024	**190,000**
2025	**10,000**
2026 and thereafter	**10,000**
	$ 1,452,720

Commitments are reviewed annually and the total amounts can be adjusted if deemed necessary based on the revenues of the Society. It is the intention of the Society to continue to make these commitments as agreed upon.

8. RISK MANAGEMENT

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 credit, liquidity or interest rate risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that primarily subject the Society to a significant concentration of credit risk consists of cash and investments. Credit risk related to cash is mitigated by placing cash with major financial institutions. Credit risk related to investments is managed by the Society through investing in guaranteed investment securities.

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8. RISK MANAGEMENT *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources and accounts payable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to fair value interest rate risk to the extent that the guaranteed investment securities bear interest at fixed interest rates.

9. FUNDRAISING EXPENSES

As required under the Charitable Fundraising Act of Alberta, the Society reports that approximately $174,587 was paid as remuneration to employees in respect of fundraising related work in the year ended December 31, 2020 (2019 - $182,851).

10. CONTRIBUTIONS TO CHARITIES

Of the funds contributed in the current year $7,997 are donated to the Kids Cancer Care Foundation of Alberta (2019 - $100,000).

11. ALLOCATION OF EXPENSES

Salaries and wages of $215,979 have been allocated to clinical and support programs in 2020 (2019 - $206,932) based on estimated hours worked by various staff members at their calculated rates.