

**KIDS WITH CANCER SOCIETY OF NORTHERN
ALBERTA**
Financial Statements
Year Ended December 31, 2023

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

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Year Ended December 31, 2023

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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, 2023, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from fundraising revenues 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 and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022 and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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 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 these 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 ASNPO, 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 related 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.

Edmonton, Alberta
June 28, 2024

RSM Canada LLP
Chartered Professional Accountants

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Financial Position

December 31, 2023

	General Fund	Restricted Fund	2023	2022
ASSETS				
CURRENT				
Cash (Note 3)	\$ 4,889,605	\$ 26,217	\$ 4,915,822	\$ 4,674,048
Donations receivable	69,910	-	69,910	78,978
Goods and services tax receivable	37,600	-	37,600	23,197
Prepaid expenses and deposits	32,393	-	32,393	61,927
	5,029,508	26,217	5,055,725	4,838,150
RESTRICTED CASH (Note 4)	-	566,520	566,520	-
TANGIBLE CAPITAL ASSETS (Note 5)	901,100	1,677,780	2,578,880	2,640,002
	\$ 5,930,608	\$ 2,270,517	\$ 8,201,125	\$ 7,478,152

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Financial Position

December 31, 2023

	General Fund	Restricted Fund	2023	2022
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accruals	\$ 629,676	\$ -	\$ 629,676	\$ 418,341
Deferred contributions (Note 6)	594,638	-	594,638	646,274
	1,224,314	-	1,224,314	1,064,615
DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS (Note 7)				
	416,236	-	416,236	444,739
	1,640,550	-	1,640,550	1,509,354
NET ASSETS				
Invested in tangible capital assets	484,864	-	484,864	474,440
Unrestricted net assets	3,805,194	-	3,805,194	3,773,535
Externally restricted net assets	-	1,703,997	1,703,997	1,720,823
Endowment Fund	-	566,520	566,520	-
	4,290,058	2,270,517	6,560,575	5,968,798
	\$ 5,930,608	\$ 2,270,517	\$ 8,201,125	\$ 7,478,152

COMMITMENTS (Note 8)

APPROVED ON BEHALF OF THE BOARD

Director

Director

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Operations

Year Ended December 31, 2023

	General Fund	Restricted Fund	2023	2022
REVENUES				
Donations	\$ 1,762,462	\$ -	\$ 1,762,462	\$ 1,612,311
Fundraising events	1,517,931	-	1,517,931	1,599,949
Endowment revenues	-	576,057	576,057	-
Investments	182,847	-	182,847	72,431
Casino	152,198	-	152,198	2,576
	3,615,438	576,057	4,191,495	3,287,267
EXPENSES				
Clinical and support programs	2,035,052	9,537	2,044,589	1,790,561
Research	520,220	-	520,220	441,000
Fundraising activities	458,687	-	458,687	571,036
Administrative	320,229	-	320,229	422,167
Accommodation project	-	106,704	106,704	82,137
Contributions to charities	50,000	-	50,000	-
	3,384,188	116,241	3,500,429	3,306,901
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER EXPENSES (INCOME)	231,250	459,816	691,066	(19,634)
OTHER EXPENSES (INCOME)				
Amortization of tangible capital assets	54,868	44,421	99,289	93,850
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 176,382	\$ 415,395	\$ 591,777	\$ (113,484)

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Changes in Net Assets

Year Ended December 31, 2023

	General Funds		Restricted Funds		2023	2022
	Invested in Tangible Capital Assets	Unrestricted	External Restricted Fund	Endowment Fund		
NET ASSETS - BEGINNING OF YEAR	\$ 474,440	\$ 3,773,535	\$ 1,720,823	\$ -	\$ 5,968,798	\$ 6,082,282
Excess (deficiency) of revenues over expenses	(27,085)	203,467	(151,125)	566,520	591,777	(113,484)
Invested in tangible capital assets	37,509	(38,887)	1,378	-	-	-
Transfers	-	(132,921)	132,921	-	-	-
NET ASSETS - END OF YEAR	\$ 484,864	\$ 3,805,194	\$ 1,703,997	\$ 566,520	\$ 6,560,575	\$ 5,968,798

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Cash Flows

Year Ended December 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash received for the Accommodation project	\$ -	\$ 981
Cash spent on the Accommodation project	(106,704)	(82,137)
Cash received from contributions	1,692,110	2,132,096
Cash received from fundraising events	1,517,931	1,599,950
Cash spent on fundraising events	(458,687)	(571,037)
Clinical and support programs	(2,015,055)	(1,790,630)
Administrative costs	(108,893)	(151,222)
Research programs	(520,220)	(441,000)
Investment and endowment income	758,904	71,450
Recovery of goods and services tax	(14,403)	(12,976)
Casino	152,198	2,576
Contributions to other charities	(50,000)	-
	847,181	758,051
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(38,887)	(68,221)
Restricted cash	(566,520)	-
	(605,407)	(68,221)
FINANCING ACTIVITY		
Deferred contributions received for tangible capital assets	-	63,203
INCREASE IN CASH	241,774	753,033
Cash - beginning of year	4,674,048	3,921,015
CASH - END OF YEAR	\$ 4,915,822	\$ 4,674,048

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2023

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 externally restricted fund accounts for the Society's activities related to the Accommodations Project and endowment contributions. 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. The Endowment Fund is made up of contributions which are not to be encroached on for 20 years. Revenues earned on the contributions are to be used on the Society's annual Christmas party or to support families through the holiday season.

Cash and restricted cash

Cash and restricted cash consist of cash on hand and bank balances.

Revenue recognition

Contributions for the accommodation project are recognized as revenue in the restricted fund. This revenue is recognized when received.

Contributions or interest revenue related to the Endowment Fund 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.

Casino revenue related to the general fund is recognized as revenue in the year in which the related expenses are incurred.

Investment income related to the general fund is recognized as revenue when earned.

Contributions related to tangible capital assets are deferred and recognized as revenue on the same basis as the amortization of the related asset if recognized in the general fund.

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KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2023

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
Transportation equipment	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.

Volunteers contribute significant hours per year to assist the Society in carrying out its service delivery activities and have not been recognized in these financial statements because the fair value of the contributed services could not be reasonably estimated.

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KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2023

2. SUMMARY OF 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.

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

Financial assets measured at amortized cost include cash, donations receivable and restricted cash.

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.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period 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. CASH

Cash includes \$166,394 (2022 - \$113,000) that is externally restricted in its use and \$578,244 (2022 - \$533,274) that is restricted for the use in accordance with Alberta Gaming, Liquor and Cannabis.

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2023

4. RESTRICTED CASH

	2023	2022
Externally restricted for endowment purposes	\$ 566,520	\$ -

During the year, the Society received \$500,000 in the form of shares with the proceeds and any income from the funds to be allocated towards the Society's annual Christmas party or to support families through the holiday season. Upon acquisition, the shares were sold and the funds were put into a high interest savings account bearing interest at 4.30%.

During the year, an additional \$66,520 was gifted to the endowment fund to provide annual financial support to the greatest need at the Society. This gift is maintained in the general operating account of the Society.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
<u>General Fund</u>				
Land	\$ 386,191	\$ -	\$ 386,191	\$ 386,191
Buildings	762,000	340,325	421,675	439,245
Computer equipment	17,788	7,690	10,098	2,359
Furniture and fixtures	48,683	29,483	19,200	13,257
Building improvements	93,660	72,139	21,521	25,108
Transportation equipment	42,415	-	42,415	53,019
	1,350,737	449,637	901,100	919,179
<u>Restricted Fund</u>				
Land	834,738	-	834,738	834,738
Building	1,053,914	212,522	841,392	876,450
Furniture	75,516	73,866	1,650	9,635
	1,964,168	286,388	1,677,780	1,720,823
	\$ 3,314,905	\$ 736,025	\$ 2,578,880	\$ 2,640,002

6. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent contributions externally restricted for specific programs which includes the Beaded Journey Gala, McQuat Bursary, and Alberta Gaming, Liquor and Cannabis 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:

	2023	2022
Balance, beginning of year	\$ 646,274	\$ 99,376
Amount received during the year	111,994	113,000
Gaming Contributions	47,034	445,798
Less: Amount recognized as revenue during the year	(210,664)	(11,900)
Balance, end of year	\$ 594,638	\$ 646,274

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2023

7. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE 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:

	2023	2022
Balance, beginning of year	\$ 444,739	\$ 398,494
Additions during the year	-	63,203
Disposals during the year	(720)	-
Less: Amounts recognized as revenue during the year	(27,783)	(16,958)
Balance, end of year	\$ 416,236	\$ 444,739

8. 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:

2024	\$ 442,722
2025	215,250
2026	12,500
2027	12,500
2028	5,000
	\$ 687,972

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.

9. 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. In the 2023 fiscal year, interest rate risk has been identified due to the endowment fund held in a high interest savings account.

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. Credit risk related to cash is mitigated by placing cash with major financial institutions.

Liquidity risk

(continues)

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2023

9. RISK MANAGEMENT *(continued)*

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 high interest savings account bears interest at fixed interest rates.

10. FUNDRAISING EXPENSES

As required under the Charitable Fundraising Act of Alberta, the Society reports that approximately \$291,368 was paid as remuneration to employees in respect of fundraising related work in the year ended December 31, 2023 (2022 - \$398,711).

11. ALLOCATION OF EXPENSES

Salaries and wages of \$246,954 have been allocated to clinical and support programs in 2023 (2022 - \$319,696) based on estimated hours worked by various staff members at their calculated rates.

12. RELATED PARTY

The Society provides grants to conduct research that is supervised by a board member. Grants of \$180,000 (2022 - \$180,000) were made in the current year and are recorded in research expenses.