

**KIDS WITH CANCER SOCIETY OF NORTHERN
ALBERTA**

Financial Statements

Year Ended December 31, 2024

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

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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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at December 31, 2024 and 2023 and net assets as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation of scope.

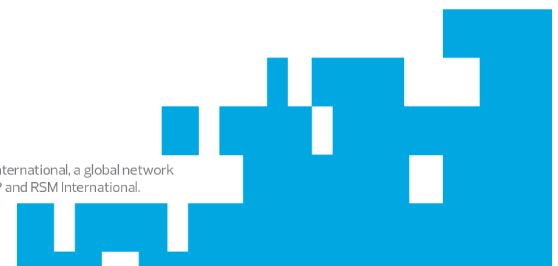
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance 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 25, 2025

RSM Canada LLP
Chartered Professional Accountants

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Financial Position

December 31, 2024

	General Fund	Restricted Fund	2024	2023
ASSETS				
CURRENT				
Cash (Note 3)	\$ 4,833,469	\$ -	\$ 4,833,469	\$ 4,915,822
Accounts receivable	126,512	-	126,512	69,910
Goods and services tax receivable	16,586	-	16,586	37,600
Prepaid expenses and deposits	37,806	-	37,806	32,393
	5,014,373	-	5,014,373	5,055,725
RESTRICTED CASH (Note 4)	-	594,668	594,668	566,520
TANGIBLE CAPITAL ASSETS (Note 5)	856,957	1,644,978	2,501,935	2,578,880
	\$ 5,871,330	\$ 2,239,646	\$ 8,110,976	\$ 8,201,125

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Financial Position

December 31, 2024

	General Fund	Restricted Fund	2024	2023
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accruals	\$ 150,847	\$ -	\$ 150,847	\$ 629,676
Deferred contributions (Note 6)	1,002,659	-	1,002,659	594,638
	1,153,506	-	1,153,506	1,224,314
DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS (Note 7)				
	392,607	-	392,607	416,236
	1,546,113	-	1,546,113	1,640,550
NET ASSETS				
Invested in tangible capital assets	464,350	-	464,350	484,864
Unrestricted net assets	3,860,867	-	3,860,867	3,805,194
Externally restricted net assets	-	1,644,978	1,644,978	1,703,997
Endowment Fund	-	594,668	594,668	566,520
	4,325,217	2,239,646	6,564,863	6,560,575
	\$ 5,871,330	\$ 2,239,646	\$ 8,110,976	\$ 8,201,125

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, 2024

	General Fund	Restricted Fund	2024	2023
REVENUES				
Fundraising events	\$ 1,691,687	\$ -	\$ 1,691,687	\$ 1,517,931
Donations	1,468,693	-	1,468,693	1,734,680
Gaming	270,333	-	270,333	152,198
Interest income	181,923	-	181,923	182,847
Endowment revenues	-	53,756	53,756	576,057
Amortization of deferred contributions related to tangible capital assets	28,056	-	28,056	27,782
Government grants	9,415	-	9,415	-
	3,650,107	53,756	3,703,863	4,191,495
EXPENSES				
Clinical and support programs	2,152,489	25,608	2,178,097	2,044,589
Fundraising activities	444,049	-	444,049	458,687
Research	442,500	-	442,500	520,220
Administrative	312,853	-	312,853	320,229
Accommodation project	-	143,416	143,416	106,704
Contributions to charities	100,000	-	100,000	50,000
	3,451,891	169,024	3,620,915	3,500,429
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER EXPENSES	198,216	(115,268)	82,948	691,066
OTHER EXPENSES				
Amortization of tangible capital assets	44,143	34,516	78,659	99,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 154,073	\$ (149,784)	\$ 4,289	\$ 591,777

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Changes in Net Assets

Year Ended December 31, 2024

	General Funds		Restricted Funds			
	Invested in Tangible Capital Assets	Unrestricted	External Restricted Fund	Endowment Fund	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 484,864	\$ 3,805,194	\$ 1,703,997	\$ 566,520	\$ 6,560,575	\$ 5,968,798
Excess (deficiency) of revenues over expenses	(16,087)	170,160	(177,932)	28,148	4,289	591,777
Invested in tangible capital assets	(4,427)	2,713	1,714	-	-	-
Transfers	-	(117,199)	117,199	-	-	-
NET ASSETS - END OF YEAR	\$ 464,350	\$ 3,860,868	\$ 1,644,978	\$ 594,668	\$ 6,564,864	\$ 6,560,575

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Statement of Cash Flows

Year Ended December 31, 2024

	2024	2023
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Cash spent on the Accommodation project	\$ (143,416)	\$ (106,704)
Cash received from contributions	1,820,113	1,692,110
Cash received from fundraising events	1,691,687	1,517,931
Cash spent on fundraising events	(444,049)	(458,687)
Cash received from grant revenue	9,415	-
Clinical and support programs	(2,183,510)	(2,015,055)
Administrative costs	(791,685)	(108,893)
Research programs	(442,500)	(520,220)
Investment and endowment income	235,679	758,904
Recovery of goods and services tax	21,015	(14,403)
Gaming	270,333	152,198
Contributions to other charities	(100,000)	(50,000)
	(56,918)	847,181
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,714)	(38,887)
Restricted cash	(28,148)	(566,520)
	(29,862)	(605,407)
FINANCING ACTIVITY		
Deferred contributions received for tangible capital assets	4,427	-
(DECREASE) INCREASE IN CASH	(82,353)	241,774
Cash - beginning of year	4,915,822	4,674,048
CASH - END OF YEAR	\$ 4,833,469	\$ 4,915,822

See notes to financial statements

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2024

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. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified in accordance with directives issued by the Board of Directors, endowment agreements or funders. Transfers between the Funds are made when it is considered appropriate and authorized by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers may be necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These inter-fund transfers are recorded as a component of changes in fund balances.

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.

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KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2024

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

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.

Gaming 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.

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.

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KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2024

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

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.

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.

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2024

3. CASH

Cash includes \$177,079 (2023 - \$166,394) that is externally restricted in its use by donors and funders as outlined in Note 6, and \$825,580 (2023 - \$578,244) that is restricted for the use in accordance with Alberta Gaming, Liquor and Cannabis.

4. RESTRICTED CASH

	2024	2023
Externally restricted for endowment purposes	\$ 594,668	\$ 566,520

In 2023, the Society received \$500,000 in the form of shares from which the proceeds and any income from the funds realized on the sale of those shares would be allocated towards the Society's annual Christmas party or to support families through the holiday season. The funds from the sale of the shares were put into a high interest savings account bearing interest at 4.22% (2023 - 4.30%).

During the year, an additional \$28,148 (2023 - \$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 a high interest savings account bearing interest at 4.22% (2023 - 4.30%).

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
<u>General Fund</u>				
Land	\$ 386,191	\$ -	\$ 386,191	\$ 386,191
Buildings	762,000	357,192	404,808	421,675
Computer equipment	17,788	11,313	6,475	10,098
Furniture and fixtures	48,684	34,457	14,227	19,200
Building improvements	93,660	80,215	13,445	21,521
Transportation equipment	53,019	21,208	31,811	42,415
	1,361,342	504,385	856,957	901,100
<u>Restricted Fund</u>				
Land	834,738	-	834,738	834,738
Building	1,053,914	246,177	807,737	841,392
Furniture	77,229	74,726	2,503	1,650
	1,965,881	320,903	1,644,978	1,677,780
	\$ 3,327,223	\$ 825,288	\$ 2,501,935	\$ 2,578,880

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2024

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:

	2024	2023
Balance, beginning of year	\$ 594,638	\$ 646,274
Amount received during the year	80,085	111,994
Gaming Contributions	647,336	47,034
Less: Amount recognized as revenue during the year	(319,400)	(210,664)
Balance, end of year	\$ 1,002,659	\$ 594,638

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:

	2024	2023
Balance, beginning of year	\$ 416,236	\$ 444,739
Additions during the year	4,427	-
Disposals during the year	-	(720)
Less: Amounts recognized as revenue during the year	(28,056)	(27,783)
Balance, end of year	\$ 392,607	\$ 416,236

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:

2025	\$ 631,575
2026	382,500
2027	12,500
2028	5,000
2029	5,000
	\$ 1,036,575

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.

KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2024

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. There has been no change in the Society's risk exposures from 2023.

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

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 \$271,771 was paid as remuneration to employees in respect of fundraising related work in the year ended December 31, 2024 (2023 - \$291,368).

11. ALLOCATION OF EXPENSES

Salaries and wages of \$351,852 have been allocated to clinical and support programs in 2024 (2023 - \$246,954) 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 (2023 - \$180,000) were made and approved by the Board of Directors in the current year and are recorded in research expenses.