

**CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.**

Financial Statements

Year ended December 31, 2020



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Childcan The Childhood Cancer Research Association Inc.

### Qualified Opinion

We have audited the financial statements of Childcan The Childhood Cancer Research Association Inc. ("the Organization"), which comprise the Statement of Financial Position as at December 31, 2020, and the Statements of Operations and 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 Organization 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 Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets and net assets for the years then ended. Our audit opinion on the financial statements was modified accordingly because of the possible effects of this limitation in 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 Organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Emphasis of Matter

We draw attention to Note 8 of the financial statements, which describes the effects of the COVID-19 pandemic on the Organization's operations. Our opinion is not modified in respect of this matter.

### 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Bringing Solutions Together

### **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 Organization'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 Organization'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 Organization'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 Organization 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 achieve 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.

London, Ontario  
April 27, 2021



**Chartered Professional Accountants  
Licensed Public Accountants**

# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Financial Position as at December 31, 2020

	2020	2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 653,928	\$ 378,756
Accounts receivable	1,200	500
Inventory	3,280	3,280
Government remittances recoverable	21,676	26,356
Government assistance receivable	61,657	-
Prepaid expenses	11,872	11,677
	<hr/>	<hr/>
	753,613	420,569
CAPITAL ASSETS (Note 3)	228,400	237,087
	<hr/>	<hr/>
	\$ 982,013	\$ 657,656
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 25,985	\$ 28,292
Deferred revenue (Note 4)	86,210	14,773
	<hr/>	<hr/>
	112,195	43,065
LONG-TERM DEBT (Note 9)	40,000	-
	<hr/>	<hr/>
	152,195	43,065
<b>NET ASSETS</b>	<hr/>	<hr/>
	829,818	614,591
	<hr/>	<hr/>
	\$ 982,013	\$ 657,656

APPROVED BY THE DIRECTORS:

  
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Director

  
\_\_\_\_\_  
Director

# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

## Statement of Operations and Changes in Net Assets

Year ended December 31, 2020

	2020	%	2019	%
<b>REVENUE</b>				
Fundraising - third party	\$ 296,417	36.3	\$ 338,471	41.7
Donations	275,916	33.8	214,243	26.4
Fundraising - internal events	229,384	28.1	255,887	31.6
Grants	13,990	1.7	-	0.0
Investment	1,371	0.2	2,434	0.3
	<u>817,078</u>	100.0	<u>811,035</u>	100.0
<b>EXPENSES</b>				
Wages	274,963	33.7	251,774	31.0
Family support	201,773	24.7	232,951	28.7
Fundraising	50,462	6.2	63,812	7.9
Research (Note 7)	45,000	5.5	50,000	6.2
Telecommunications	23,371	2.9	5,859	0.7
Office supplies	21,094	2.6	20,846	2.6
Bank charges and merchant fees	9,332	1.1	7,916	1.0
Professional fees	9,142	1.1	17,364	2.1
Amortization	8,687	1.1	9,412	1.2
Scholarships	7,000	0.9	15,000	1.8
Insurance	5,337	0.7	4,933	0.6
Occupancy costs	3,559	0.4	3,521	0.4
Administration	3,126	0.4	4,879	0.6
Utilities	3,086	0.4	3,006	0.4
Repairs and maintenance	1,609	0.2	6,563	0.8
Memberships	1,117	0.1	1,117	0.1
Travel	350	0.0	857	0.1
Interest on long-term debt	-	0.0	1,879	0.2
	<u>669,008</u>	81.9	<u>701,689</u>	86.5
NET REVENUE FROM OPERATIONS	148,070	18.1	109,346	13.5
GOVERNMENT SUBSIDIES (Note 9)	67,157	8.2	-	0.0
NET REVENUE	215,227	26.3	109,346	13.5
NET ASSETS, Beginning of year	614,591		505,245	
NET ASSETS, End of year	\$ 829,818		\$ 614,591	

# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Cash Flows

Year ended December 31, 2020

	2020	2019
<b>Cash provided by (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue	\$ 215,227	\$ 109,346
Add (deduct) non-cash items:		
Amortization	8,687	9,412
Change in non-cash working capital items related to operations (Note 5)	11,258	33,914
	<u>235,172</u>	<u>152,672</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets		
Office equipment	-	(249)
<b>FINANCING ACTIVITIES</b>		
Increase in long-term debt	40,000	-
Principal payments on long-term debt	-	(170,071)
	<u>40,000</u>	<u>(170,071)</u>
INCREASE (DECREASE) IN CASH	275,172	(17,648)
Cash, Beginning of year	<u>378,756</u>	<u>396,404</u>
CASH, END OF YEAR	<u>\$ 653,928</u>	<u>\$ 378,756</u>

# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements  
December 31, 2020

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## 1. PURPOSE OF THE ORGANIZATION

Childcan, The Childhood Cancer Research Association Inc. ("the Organization") was incorporated as a non-profit organization without share capital under the Ontario Corporations Act by Letter Patent dated September 10, 1990 and is exempt from income taxes under Section 149(1)(f) of the Income Tax Act. The Organization raises funds to search for cures for childhood cancers as well as to provide responsive and compassionate support services to families facing the journey through childhood cancer - from diagnosis, treatment, recovery, or bereavement.

## 2. ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are summarized below.

### Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. All other contributions are reported as revenue of the current period.

Revenue from fundraising activities is recorded when received.

### Contributed Services

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

### Capital Assets

Capital assets are recorded at acquisition cost. Amortization is provided on the declining balance method over the estimated useful lives of the assets at the following annual rates, with one-half the rate in the year of acquisition:

Office equipment	30 %
Furniture and equipment	20 %
Building	4 %

# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements  
December 31, 2020

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## 2. ACCOUNTING POLICIES (continued)

### Financial Instruments

Measurement of Financial Instruments:

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net revenue.

Impairment:

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down and any subsequent reversal are recognized in net revenue.

Transaction Costs:

The Organization recognizes its transactions costs in net revenue in the period incurred. However, financial instrument that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### Cash and Cash Equivalents

Cash as disclosed on the Statement of Financial Position consists of cash on hand and balances with the bank.

### Inventory

Inventory consists of merchandise and is stated at the lower of cost, based on weighted average cost, and net realizable value.

### Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. Specific management estimates are made with respect to the useful lives of capital assets, amortization methods and rates, deferred revenues, non-monetary transactions and allowance for doubtful accounts. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in excess of revenue over expenditures in the period in which they become known.



# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements  
December 31, 2020

## 3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2020	2019
Office equipment	\$ 28,644	\$ 26,196	\$ 2,448	\$ 3,497
Furniture and equipment	15,947	15,748	199	249
Building	247,295	65,182	182,113	189,701
Land	43,640	-	43,640	43,640
	<u>\$ 335,526</u>	<u>\$ 107,126</u>	<u>\$ 228,400</u>	<u>\$ 237,087</u>

## 4. DEFERRED REVENUE

	2020	2019
Trillium Foundation	\$ 46,200	\$ -
Community Foundations	40,010	-
Ladies Only Gala	-	10,835
Polar Bear Dips	-	3,938
	<u>\$ 86,210</u>	<u>\$ 14,773</u>

## 5. STATEMENT OF CASH FLOWS

The change in non-cash working capital balances related to operations referred to in the cash flows statement is determined as follows:

	2020	2019
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ (700)	\$ 34,123
Government assistance receivable	(61,657)	-
Government remittances recoverable	4,680	(989)
Prepaid expenses	(195)	(4,409)
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	(2,307)	(4,380)
Deferred revenue	71,437	9,569
	<u>\$ 11,258</u>	<u>\$ 33,914</u>

# CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements  
December 31, 2020

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## 6. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Transactions in financial instruments may result in financial risks being assumed by the Organization. The risks identified by the Organization are as follows:

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting financial obligations as they become due. The Organization considers it has sufficient current assets and ongoing support of donors to meet future financial obligations.

### Other Risks

It is management's belief that the Organization is not exposed to significant credit, interest rate, currency or market risk.

The nature, concentration and extent of the Organization's exposure to the above risks did not change during the year.

## 7. COMMITMENT

The Organization has committed to providing an additional \$45,000 of funding for a research assistant in a clinical trial to take place in 2021.

## 8. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This pandemic could impact demand for products and services in the near future as well as impact donations and fundraising events. The impact to the Organization is not determinable at the date of these financial statements; however, it may be material and could include changes to operations and the financial position of the Organization.

## 9. GOVERNMENT ASSISTANCE

During the year the Organization applied and was approved for federal subsidies of \$67,157 as part of the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS) programs. The purpose of these programs is to enable businesses affected by COVID-19 to re-hire and retain employees.

Also during the year, the Organization applied for and was approved for a federal loan of \$40,000 as part of the Canada Emergency Business Account (CEBA) program. An additional \$20,000 was approved and received subsequent to year-end. The purpose of this program is to ensure that small businesses have access to additional capital to assist with the impact of COVID-19. Up to \$10,000 (increased to \$20,000 when additional \$20,000 of loan received subsequent to year-end) of this loan is forgivable provided the Organization meets the following conditions:

- the Organization spent between \$20,000 and \$1,500,000 on total payroll in 2019;
- the funds are only used for non-deferrable operating expenses; and
- the loan is repaid in full before on or before December 31, 2022.

Management is of the opinion that the Organization is compliant with the above conditions.