



Ford Keast^{LLP}

Chartered Professional Accountants

Bringing Solutions Together

624 Maitland Street
London, Ontario N6B 2Z9

Ph 519.679.9330

Fx 519.679.3204

www.FordKeast.com

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Financial Statements

Year ended December 31, 2016

Bringing Solutions Together

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Childcan, The Childhood Cancer Research Association Inc. which comprise the Statement of Financial Position as at December 31, 2016, and the Statements of Net Assets, Revenue and Expenditures 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.

Auditor's 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 charitable organizations, Childcan, The Childhood Cancer Research Association Inc. derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were unable to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, current assets, net assets and cash flows for the year ended December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Childcan, The Childhood Cancer Research Association Inc. as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



**Chartered Professional Accountants
Licensed Public Accountants**

London, Ontario
May 9, 2017

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Financial Position as at December 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 252,072	\$ 139,590
Accounts receivable	56,466	44,675
Government remittances recoverable	11,862	16,939
Prepaid expenses	8,211	531
	<u>328,611</u>	<u>201,735</u>
CAPITAL ASSETS (Note 3)	<u>261,746</u>	<u>272,174</u>
	<u>\$ 590,357</u>	<u>\$ 473,909</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,363	\$ 36,256
Deferred revenue (Note 4)	49,500	5,742
Long-term debt due within one year (Note 5)	6,603	6,220
	<u>75,466</u>	<u>48,218</u>
LONG-TERM DEBT (Note 5)	<u>171,047</u>	<u>177,650</u>
	<u>246,513</u>	<u>225,868</u>
NET ASSETS		
Net Assets	<u>343,844</u>	<u>248,041</u>
	<u>\$ 590,357</u>	<u>\$ 473,909</u>

APPROVED BY THE DIRECTORS:

Director

Director

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Net Assets

Year ended December 31, 2016

	2016	2015
NET ASSETS, Beginning of year	\$ 248,041	\$ 212,188
Excess of revenue over expenditures	95,803	35,853
NET ASSETS, End of year	\$ 343,844	\$ 248,041

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Revenue and Expenditures

Year ended December 31, 2016

	2016	%	2015	%
REVENUE				
Donations	\$ 299,415	51.6	\$ 261,073	55.7
Fundraising	281,149	48.4	207,558	44.3
	<u>580,564</u>	<u>100.0</u>	<u>468,631</u>	<u>100.0</u>
EXPENDITURES				
Wages	150,628	25.9	126,465	27.0
Family support	145,151	25.0	163,187	34.8
Fundraising	51,558	8.9	39,153	8.4
Research (Note 8)	45,000	7.8	-	0.0
Office supplies	22,757	3.9	20,932	4.5
Interest on long-term debt	10,863	1.9	11,224	2.4
Amortization	10,428	1.8	11,219	2.4
Occupancy costs	9,558	1.6	5,830	1.2
Professional fees	7,692	1.3	11,536	2.5
Telephone	7,686	1.3	6,582	1.4
Scholarships	6,000	1.0	14,000	3.0
Insurance	3,412	0.6	3,151	0.7
Utilities	3,089	0.5	3,644	0.8
Bank charges and interest	2,993	0.5	4,316	0.9
Administration	2,240	0.4	3,768	0.8
Travel	2,217	0.4	4,922	1.1
Memberships	1,877	0.3	2,323	0.5
Repairs and maintenance	1,612	0.3	526	0.1
	<u>484,761</u>	<u>83.5</u>	<u>432,778</u>	<u>92.3</u>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 95,803	16.5	\$ 35,853	7.7

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Cash Flows

Year ended December 31, 2016

	2016	2015
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 95,803	\$ 35,853
Add (deduct) non-cash items:		
Amortization	10,428	11,219
Change in non-cash working capital items related to operations (Note 6)	12,471	(7,695)
	<u>118,702</u>	<u>39,377</u>
INVESTING ACTIVITIES		
Acquisition of capital assets		
Office equipment	-	(937)
FINANCING ACTIVITIES		
Principal payments on long-term debt	(6,220)	(5,859)
INCREASE IN CASH DURING THE YEAR	<u>112,482</u>	<u>32,581</u>
Cash, Beginning of year	139,590	107,009
CASH, END OF YEAR	<u>\$ 252,072</u>	<u>\$ 139,590</u>

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements

December 31, 2016

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 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 are 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, 2016

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 excess of revenue over expenditures.

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 excess of revenue over expenditures.

Transaction Costs:

The Organization recognizes its transactions costs in excess of revenue over expenditures 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.

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 and accrued liabilities. 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, 2016

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2016	2015
Office equipment	\$ 24,635	\$ 21,432	\$ 3,203	\$ 4,575
Furniture and equipment	15,947	15,459	488	610
Building	247,295	32,880	214,415	223,349
Land	43,640	-	43,640	43,640
	<u>\$ 331,517</u>	<u>\$ 69,771</u>	<u>\$ 261,746</u>	<u>\$ 272,174</u>

4. DEFERRED REVENUE

During the year, the Organization was awarded a grant of \$57,700 from the Ontario Trillium Foundation which is to be used between September 1, 2016 and August 31, 2017 in order to assist families in dealing with childhood cancer. As of the statement of financial position date, \$52,000 of this grant had been received and the Organization had incurred related expenses totaling \$2,500, resulting in deferred revenue of \$49,500.

In 2013, the Organization entered into an agreement with Virtual High School ("VHS") where VHS would raise funds for the Organization via a third party event called Run4Kids. The agreement allowed the Organization to keep 20% of the proceeds for administrative costs, with the remaining 80% of the proceeds to be used on bursaries for students to cover tuition fees for VHS. In 2014, VHS opted to end the agreement and the remaining funds of \$5,742 were recognized as revenue in 2016.

5. LONG-TERM DEBT

	2016	2015
6% mortgage, payable in blended monthly instalments of \$1,424, due June 20, 2018, secured by the building with carrying value \$214,415 (2015 - \$223,349).	\$ 177,650	\$ 183,870
Less amounts due within one year included in current liabilities	6,603	6,220
	<u>\$ 171,047</u>	<u>\$ 177,650</u>

The aggregate amount of principal payments estimated to be required until maturity are as follows:

2017	\$ 6,603
2018	\$ 171,047

In management's opinion, the Organization is fully compliant with the mortgage terms.

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements
December 31, 2016

6. 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:

	2016	2015
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ (11,791)	\$ (11,723)
Government remittances recoverable	5,077	(4,176)
Prepaid expenses	(7,680)	1,364
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	(16,893)	10,007
Deferred revenue	43,758	(3,167)
	<u>\$ 12,471</u>	<u>\$ (7,695)</u>

7. 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:

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 interest on long-term debt is fixed and as a result will not fluctuate because of changes in market interest rates.

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, currency or market risk.

The extent of the Organization's exposure to the above risks did not change during the fiscal year.

8. COMMITMENT

The Organization has committed to providing \$90,000 of funding for a research assistant in a clinical trial to take place in 2017 and 2018. The Organization paid \$45,000 towards the satisfaction of this commitment in the current year and expects to pay another \$45,000 in 2017.