

CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Financial Statements

Year ended December 31, 2017



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, 2017, and the Statements of Revenue and Expenditures and Changes in Net Assets 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, 2017.

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, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

London, Ontario
May 23, 2018



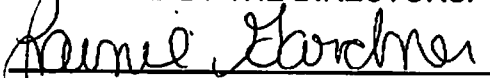
**Chartered Professional Accountants
Licensed Public Accountants**

CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.


Statement of Financial Position as at December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 354,443	\$ 252,072
Accounts receivable	4,742	56,466
Inventory	3,280	-
Government remittances recoverable	38,096	11,862
Prepaid expenses	10,022	8,211
	<u>410,583</u>	<u>328,611</u>
CAPITAL ASSETS (Note 3)	<u>252,456</u>	<u>261,746</u>
	<u>\$ 663,039</u>	<u>\$ 590,357</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 34,655	\$ 19,363
Deferred revenue (Note 4)	15,377	49,500
Long-term debt due within one year (Note 5)	6,194	6,603
	<u>56,226</u>	<u>75,466</u>
LONG-TERM DEBT (Note 5)	<u>169,801</u>	<u>171,047</u>
	<u>226,027</u>	<u>246,513</u>
NET ASSETS	<u>437,012</u>	<u>343,844</u>
	<u>\$ 663,039</u>	<u>\$ 590,357</u>

APPROVED BY THE DIRECTORS:



Director



Director

CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Revenue and Expenditures and Changes in Net Assets
Year ended December 31, 2017

	2017	%	2016	%
REVENUE				
Fundraising - third party	\$ 310,089	43.2	\$ 265,748	45.8
Donations	206,099	28.7	236,413	40.7
Fundraising - internal events	201,925	28.1	78,403	13.5
	<u>718,113</u>	100.0	<u>580,564</u>	100.0
EXPENDITURES				
Family support	224,448	31.3	145,151	25.0
Wages	184,028	25.6	150,628	25.9
Fundraising	72,468	10.1	51,558	8.9
Research (Note 8)	45,000	6.3	45,000	7.8
Office supplies	17,360	2.4	22,757	3.9
Telecommunications	14,122	2.0	7,686	1.3
Scholarships	11,000	1.5	6,000	1.0
Professional fees	10,590	1.5	7,692	1.3
Amortization	9,661	1.3	10,428	1.8
Occupancy costs	9,613	1.3	9,558	1.6
Interest on long-term debt	9,143	1.3	10,863	1.9
Bank charges and merchant fees	4,475	0.6	2,993	0.5
Insurance	3,487	0.5	3,412	0.6
Utilities	3,325	0.5	3,089	0.5
Administration	2,330	0.3	2,240	0.4
Travel	1,651	0.2	2,217	0.4
Repairs and maintenance	1,408	0.2	1,612	0.3
Memberships	836	0.1	1,877	0.3
	<u>624,945</u>	87.0	<u>484,761</u>	83.5
EXCESS OF REVENUE OVER EXPENDITURES	\$ 93,168	13.0	\$ 95,803	16.5
NET ASSETS, Beginning of year	<u>343,844</u>		<u>248,041</u>	
NET ASSETS, End of year	\$ 437,012		\$ 343,844	

CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 93,168	\$ 95,803
Add (deduct) non-cash items:		
Amortization	9,661	10,428
Change in non-cash working capital items related to operations (Note 6)	1,566	12,471
	<u>104,395</u>	<u>118,702</u>
INVESTING ACTIVITIES		
Acquisition of capital assets		
Office equipment	(370)	-
	<u>(370)</u>	<u>-</u>
FINANCING ACTIVITIES		
Increase in long-term debt	3,989	-
Principal payments on long-term debt	(5,643)	(6,220)
	<u>(1,654)</u>	<u>(6,220)</u>
INCREASE IN CASH DURING THE YEAR	102,371	112,482
Cash, Beginning of year	<u>252,072</u>	<u>139,590</u>
CASH, END OF YEAR	<u>\$ 354,443</u>	<u>\$ 252,072</u>

CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements
December 31, 2017

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 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, 2017

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.

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 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, 2017

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net	
			2017	2016
Office equipment	\$ 25,005	\$ 22,418	\$ 2,587	\$ 3,203
Furniture and equipment	15,947	15,557	390	488
Building	247,295	41,456	205,839	214,415
Land	43,640	-	43,640	43,640
	<u>\$ 331,887</u>	<u>\$ 79,431</u>	<u>\$ 252,456</u>	<u>\$ 261,746</u>

4. DEFERRED REVENUE

During 2016, 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 the end of the grant term, \$24,100 had remained unspent. This resulted in \$18,400 being paid back to the Ontario Trillium Foundation and the \$5,700 that had been held back from previous advances being rescinded. The deferred balance at year end consists of \$4,000 from this grant, with the remaining balance consisting of fundraising for 2018 events.

5. LONG-TERM DEBT

	2017	2016
6% mortgage, payable in blended monthly instalments of \$1,424, due June 20, 2018, secured by the building with carrying value \$214,415.	\$ -	\$ 177,650
Royal Bank of Canada 3.94% mortgage, payable in blended monthly instalments of \$1,085, due April 30, 2019.	175,995	-
Less amounts due within one year included in current liabilities	6,194	6,603
	<u>\$ 169,801</u>	<u>\$ 171,047</u>

The mortgage is secured by a collateral first mortgage of \$275,000 and a general security agreement on all property, with a carrying value of \$252,456 (2016 - \$261,746). The loan is also subject to various reporting requirements as determined by RBC. The aggregate amount of principal payments estimated to be required until maturity are as follows:

2018	\$ 6,194
2019	169,801

CHILDCAN THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Notes to Financial Statements
December 31, 2017

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:

	2017	2016
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	\$ 51,724	\$ (11,791)
Inventory	(3,280)	-
Government remittances recoverable	(26,234)	5,077
Prepaid expenses	(1,811)	(7,680)
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	15,290	(16,893)
Deferred revenue	(34,123)	43,758
	<u>\$ 1,566</u>	<u>\$ 12,471</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 an additional \$90,000 of funding for a research assistant in a clinical trial to take place in 2018 and 2019. The Organization expects to pay \$45,000 in each of the next two fiscal years.

9. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated to conform to the current year statement presentation. These changes do not affect prior years' excess of revenue over expenditures.