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CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Financial Statements

Year ended December 31, 2015

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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, 2015, and the statements of net assets, revenue over 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, net assets and cash flows for the year ended December 31, 2015.

Qualified Opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of Childcan, The Childhood Cancer Research Association Inc. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Ford Keast LLP

London, Ontario
June 28, 2016

Chartered Professional Accountants
Licensed Public Accountants

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Financial Position as at December 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	$ 139,590	$ 107,009
Accounts receivable	44,675	32,952
Government remittances recoverable	16,939	12,763
Prepaid expenses	531	1,895
	201,735	154,619
CAPITAL ASSETS (Note 3)	272,174	282,456
	$ 473,909	$ 437,075
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 36,256	$ 26,250
Deferred revenue (Note 4)	5,742	8,909
Long-term debt due within one year (Note 5)	6,220	5,859
	48,218	41,018
LONG-TERM DEBT (Note 5)	177,650	183,869
	225,868	224,887
NET ASSETS		
Net assets	248,041	212,188
	$ 473,909	$ 437,075

APPROVED BY THE DIRECTORS:

Director

Director

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Net Assets
Year ended December 31, 2015

	2015	2014
NET ASSETS, Beginning of year	$ 212,188	$ 203,344
Surplus of revenue over expenditures	35,853	8,844
NET ASSETS, End of year	$ 248,041	$ 212,188

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Revenue over Expenditures
Year ended December 31, 2015

		2015	%		2014	%
REVENUE						
Donation	$	261,073	55.7	$	153,892	40.9
Fundraising		207,558	44.3		221,754	59.0
Gain on disposal of investments		-	0.0		489	0.1
		468,631	100.0		376,135	100.0
EXPENDITURES						
Family support		163,187	34.8		138,590	36.8
Wages		126,465	27.0		98,987	26.3
Fundraising		39,153	8.4		39,308	10.5
Office supplies		20,932	4.5		20,915	5.6
Scholarships		14,000	3.0		4,000	1.1
Professional fees		11,536	2.5		11,358	3.0
Interest on long-term debt		11,224	2.4		11,199	3.0
Amortization		11,219	2.4		11,131	3.0
Telephone		6,582	1.4		5,269	1.4
Occupancy costs		5,830	1.2		5,840	1.6
Travel		4,922	1.1		4,023	1.1
Bank charges and interest		4,316	0.9		4,417	1.2
Administration		3,768	0.8		4,082	1.1
Utilities		3,644	0.8		3,198	0.9
Insurance		3,151	0.7		2,852	0.8
Memberships		2,323	0.5		1,890	0.5
Repairs and maintenance		526	0.1		165	0.0
Management fees		-	0.0		67	0.0
		432,778	92.3		367,291	97.6
SURPLUS OF REVENUE OVER EXPENDITURES	$	35,853	7.7	$	8,844	2.4

CHILDCAN, THE CHILDHOOD CANCER RESEARCH ASSOCIATION INC.

Statement of Cash Flows
Year ended December 31, 2015

	2015	2014
Cash provided by (used in):		
OPERATING ACTIVITIES		
Surplus of revenue over expenditures	$ 35,853	$ 8,844
Add (deduct) non-cash items:		
Amortization	11,219	11,131
Gain on disposal of investments	-	(489)
Change in non-cash working capital items related to operations (Note 6)	(7,695)	20,730
	39,377	40,216
INVESTING ACTIVITIES		
Acquisition of capital assets		
Office equipment	(937)	(2,493)
Proceeds on disposal of investments	-	69,543
	(937)	67,050
FINANCING ACTIVITIES		
Payments on long-term debt	(5,859)	(30,799)
INCREASE IN CASH DURING THE YEAR	32,581	76,467
Cash, beginning of year	107,009	30,542
CASH, END OF YEAR	$ 139,590	$ 107,009

1. PURPOSE OF THE ORGANIZATION

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 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.

Income 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 %

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 amortization. This estimate is reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2015	Net 2014
Office equipment	$ 24,635	$ 20,060	$ 4,575	$ 5,398
Furniture and equipment	15,947	15,337	610	763
Building	247,295	23,946	223,349	232,655
Land	43,640	-	43,640	43,640
	$ 331,517	$ 59,343	$ 272,174	$ 282,456

4. DEFERRED REVENUE

In 2013, Childcan 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 Childcan 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. However, they will adhere to their commitment and will continue to support children that are sent through the bursary program until all funds are exhausted. The deferred amounts are to be recognized as donation revenue following the referral of students to the VHS bursary program.

5. LONG-TERM DEBT

	2015	2014
6% mortgage, payable in blended monthly instalments of $1,424, due June 20, 2018, secured by the building.	$ 183,870	$ 189,728
Less amounts due within one year included in current liabilities	6,220	5,859
	$ 177,650	$ 183,869

The aggregate amount of principal payments estimated to be required in each of the next 3 years are as follows:

2016	$ 6,220
2017	$ 6,603
2018	$ 171,047

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:

	2015	2014
(INCREASE) DECREASE IN CURRENT ASSETS:		
Accounts receivable	$ (11,723)	$ (5,036)
Government remittances recoverable	(4,176)	34,826
Prepaid expenses	1,364	1,256
INCREASE (DECREASE) IN CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	10,007	(10,617)
Deferred revenue	(3,167)	301
	$ (7,695)	$ 20,730

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 investments plus 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.