

Childcan The Childhood Cancer Research Association Inc.

Financial Statements

Year ended December 31, 2022



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, 2022, 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, 2022 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, 2022 and 2021, 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.

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.

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.

Bringing Solutions Together

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 25, 2023



**Chartered Professional Accountants
Licensed Public Accountants**

Childcan The Childhood Cancer Research Association Inc.

Statement of Financial Position as at December 31, 2022

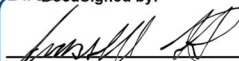
	2022	2021
Assets		
Current		
Cash	\$ 809,853	\$ 707,474
Accounts receivable	16,868	10,000
Inventory	-	3,280
Government remittances recoverable	21,762	23,324
Government assistance receivable	-	28,168
Prepaid expenses	20,041	17,227
	<u>868,524</u>	<u>789,473</u>
Capital assets (Note 3)	<u>226,991</u>	<u>220,341</u>
	<u>\$ 1,095,515</u>	<u>\$ 1,009,814</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 39,620	\$ 25,352
Deferred revenue (Note 4)	-	14,206
	<u>39,620</u>	<u>39,558</u>
Long-term debt (Note 9)	<u>60,000</u>	<u>60,000</u>
	<u>99,620</u>	<u>99,558</u>
Net assets	<u>995,895</u>	<u>910,256</u>
	<u>\$ 1,095,515</u>	<u>\$ 1,009,814</u>

Approved by the Directors:

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DIRECTOR

Childcan The Childhood Cancer Research Association Inc.

Statement of Operations and Changes in Net Assets

Year ended December 31, 2022

	2022	%	2021	%
Revenue				
Third party events	\$ 339,903	38.6	\$ 319,104	42.7
General donations	287,116	32.6	199,078	26.7
Signature events	157,499	17.9	73,441	9.8
Tribute donations	64,201	7.3	43,776	5.9
Grants	23,122	2.6	109,188	14.6
Merchandise sales	4,923	0.6	994	0.1
Investment income	3,234	0.4	1,029	0.1
	<u>879,998</u>	<u>100.0</u>	<u>746,610</u>	<u>100.0</u>
Expenses				
Wages	297,762	33.8	301,604	40.4
Family financial support	199,244	22.6	180,382	24.2
Research (Note 7)	100,000	11.4	50,000	6.7
Educational support	13,631	1.5	12,000	1.6
Social support	13,363	1.5	4,892	0.7
Emotional support	3,200	0.4	23,748	3.2
Fundraising	34,738	3.9	25,028	3.4
Advertising and marketing	15,567	1.8	1,007	0.1
Occupancy costs	33,796	3.8	13,475	1.8
Office supplies	18,198	2.1	15,262	2.0
Telecommunications	15,780	1.8	12,422	1.7
Bank charges and merchant fees	12,092	1.4	7,328	1.0
Accounting fees	11,541	1.3	12,239	1.6
Amortization	9,042	1.0	8,059	1.1
Insurance	5,838	0.7	5,804	0.8
Travel	4,864	0.6	3,293	0.4
Administration	3,703	0.4	1,994	0.3
Consulting fees	2,000	0.2	77,567	10.4
	<u>794,359</u>	<u>90.3</u>	<u>756,104</u>	<u>101.3</u>
Net revenue (expense) from operations	85,639	9.7	(9,494)	(1.3)
Government subsidies (Note 9)	-	0.0	89,932	12.0
Net revenue	85,639	9.7	80,438	10.8
Net assets, beginning of year	910,256		829,818	
Net assets, end of year	\$ 995,895		\$ 910,256	

Childcan The Childhood Cancer Research Association Inc.

Statement of Cash Flows
Year ended December 31, 2022

	2022	2021
Cash provided by (used in):		
Operating Activities		
Net revenue	\$ 85,639	\$ 80,438
Add (deduct) non-cash items:		
Amortization	9,042	8,059
Change in non-cash working capital items related to operations (Note 5)	23,391	(54,951)
	118,072	33,546
Investing Activities		
Acquisition of capital assets	(15,693)	-
Financing Activities		
Increase in long-term debt	-	20,000
Increase in cash	102,379	53,546
Cash, beginning of year	707,474	653,928
Cash, end of year	\$ 809,853	\$ 707,474

Childcan The Childhood Cancer Research Association Inc.

Notes to Financial Statements
December 31, 2022

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 Letters 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, 2022

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 instruments 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.

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Notes to Financial Statements
December 31, 2022

3. Capital Assets

	Cost	Accumulated Amortization	Net	
			2022	2021
Office equipment	\$ 37,788	\$ 28,816	\$ 8,972	\$ 1,714
Furniture and equipment	15,947	15,820	127	159
Building	253,843	79,591	174,252	174,828
Land	43,640	-	43,640	43,640
	<u>\$ 351,218</u>	<u>\$ 124,227</u>	<u>\$ 226,991</u>	<u>\$ 220,341</u>

4. Deferred Revenue

	2022	2021
Trillium Foundation	\$ -	\$ 5,533
Community Foundations	-	8,389
Polar Bear Dips	-	284
	<u>\$ -</u>	<u>\$ 14,206</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:

	2022	2021
(Increase) decrease in current assets:		
Accounts receivable	\$ (6,868)	\$ 52,857
Inventory	3,280	-
Government assistance receivable	28,168	(28,168)
Government remittances recoverable	1,562	(1,648)
Prepaid expenses	(2,814)	(5,355)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	14,269	(633)
Deferred revenue	(14,206)	(72,004)
	<u>\$ 23,391</u>	<u>\$ (54,951)</u>

Childcan The Childhood Cancer Research Association Inc.

Notes to Financial Statements
December 31, 2022

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 \$50,000 of funding for a research assistant in a clinical trial to take place in 2023.

8. Reclassifications

Certain of the comparative figures for the preceding year have been reclassified to conform with the statement presentation adopted for the current year.

9. Government Assistance

In the prior year the Organization applied and was approved for federal subsidies of \$89,932 as part of the Canada Emergency Wage Subsidy (CEWS). The purpose of this program is to enable businesses affected by COVID-19 to re-hire and retain employees.

In 2020, 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 in 2021. 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 \$20,000 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, 2023.

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