

Childcan The Childhood Cancer Research Association Inc.

Financial Statements

Year ended December 31, 2021



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, 2021, 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, 2021 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, 2021 and 2020, 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
June 28, 2022



**Chartered Professional Accountants
Licensed Public Accountants**

Childcan The Childhood Cancer Research Association Inc.

Statement of Financial Position as at December 31, 2021

	2021	2020
Assets		
Current		
Cash	\$ 707,474	\$ 653,928
Accounts receivable	10,000	1,200
Inventory	3,280	3,280
Government remittances recoverable	23,324	21,676
Government assistance receivable	28,168	61,657
Prepaid expenses	17,227	11,872
	<hr/>	<hr/>
	789,473	753,613
Capital assets (Note 3)	220,341	228,400
	<hr/>	<hr/>
	\$ 1,009,814	\$ 982,013
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 25,352	\$ 25,985
Deferred revenue (Note 4)	14,206	86,210
	<hr/>	<hr/>
	39,558	112,195
Long-term debt (Note 9)	60,000	40,000
	<hr/>	<hr/>
	99,558	152,195
Net assets	910,256	829,818
	<hr/>	<hr/>
	\$ 1,009,814	\$ 982,013

Approved by the Directors:



Director



Director

Childcan The Childhood Cancer Research Association Inc.

Statement of Operations and Changes in Net Assets

Year ended December 31, 2021

	2021	%	2020	%
Revenue				
Fundraising - third party	\$ 310,507	41.6	\$ 296,417	36.3
Donations	252,445	33.8	275,916	33.8
Grants	109,188	14.6	13,990	1.7
Fundraising - internal events	73,441	9.8	229,384	28.1
Investment	1,029	0.1	1,371	0.2
	<u>746,610</u>	100.0	<u>817,078</u>	100.0
EXPENSES				
Wages	301,604	40.4	274,963	33.7
Family support	209,022	28.0	201,773	24.7
Professional fees	89,806	12.0	9,142	1.1
Research (Note 7)	50,000	6.7	45,000	5.5
Fundraising	24,417	3.3	50,462	6.2
Office supplies	22,357	3.0	21,094	2.6
Telecommunications	12,422	1.7	23,371	2.9
Scholarships	12,000	1.6	7,000	0.9
Amortization	8,059	1.1	8,687	1.1
Bank charges and merchant fees	7,327	1.0	9,332	1.1
Insurance	5,804	0.8	5,337	0.7
Occupancy costs	3,318	0.4	3,559	0.4
Administration	3,241	0.4	3,126	0.4
Travel	3,054	0.4	350	0.0
Utilities	2,556	0.3	3,086	0.4
Memberships	1,117	0.1	1,117	0.1
Repairs and maintenance	-	0.0	1,609	0.2
	<u>756,104</u>	101.3	<u>669,008</u>	81.9
Net revenue (expense) from operations	(9,494)	(1.3)	148,070	18.1
Government subsidies (Note 9)	89,932	12.0	67,157	8.2
Net revenue	80,438	10.8	215,227	26.3
Net assets, beginning of year	829,818		614,591	
Net assets, end of year	\$ 910,256		\$ 829,818	

Childcan The Childhood Cancer Research Association Inc.

Statement of Cash Flows
Year ended December 31, 2021

	2021	2020
Cash provided by (used in):		
Operating Activities		
Net revenue	\$ 80,438	\$ 215,227
Add (deduct) non-cash items:		
Amortization	8,059	8,687
Change in non-cash working capital items related to operations (Note 5)	(54,951)	11,258
	<u>33,546</u>	<u>235,172</u>
Financing Activities		
Increase in long-term debt	<u>20,000</u>	<u>40,000</u>
Increase in cash	53,546	275,172
Cash, beginning of year	<u>653,928</u>	<u>378,756</u>
Cash, end of year	\$ 707,474	\$ 653,928

Childcan The Childhood Cancer Research Association Inc.

Notes to Financial Statements
December 31, 2021

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, 2021

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.

Childcan The Childhood Cancer Research Association Inc.

Notes to Financial Statements
December 31, 2021

3. Capital Assets

	Cost	Accumulated Amortization	Net	
			2021	2020
Office equipment	\$ 28,644	\$ 26,930	\$ 1,714	\$ 2,448
Furniture and equipment	15,947	15,788	159	199
Building	247,295	72,467	174,828	182,113
Land	43,640	-	43,640	43,640
	<u>\$ 335,526</u>	<u>\$ 115,185</u>	<u>\$ 220,341</u>	<u>\$ 228,400</u>

4. Deferred Revenue

	2021	2020
Trillium Foundation	\$ 5,533	\$ 46,200
Community Foundations	8,389	40,010
Polar Bear Dips	284	-
	<u>\$ 14,206</u>	<u>\$ 86,210</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:

	2021	2020
(Increase) decrease in current assets:		
Accounts receivable	\$ (8,800)	\$ (700)
Government assistance receivable	33,489	(61,657)
Government remittances recoverable	(1,648)	4,680
Prepaid expenses	(5,355)	(195)
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	(633)	(2,307)
Deferred revenue	(72,004)	71,437
	<u>\$ (54,951)</u>	<u>\$ 11,258</u>

Childcan The Childhood Cancer Research Association Inc.

Notes to Financial Statements
December 31, 2021

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 2022.

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 \$89,932 (2020 - \$67,157) 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 the prior 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 in the current year. 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.