

Financial Statements of

NORTHERN CANCER FOUNDATION

And Independent Auditor's report thereon

Year ended March 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board Members of Northern Cancer Foundation

Qualified Opinion

We have audited the financial statements of Northern Cancer Foundation (the Foundation), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, except for the possible effects of the matter described in the “***Basis for Qualified Opinion***” section of our auditors’ report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Foundation as at March 31, 2023, and its results of 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 not-for-profit organizations, the Foundation derives revenue from 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 Foundation.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statement of financial position as at March 31, 2023 and March 31, 2022.
- The donation and fundraising revenues and excess of revenues over expenses reported in the statement of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022.



- the fund balances, at the beginning and end of the year, reported in the statement of operations and changes in fund balances for the years ended March 31, 2023 and March 31, 2022.
- the excess of revenues over expenses reported in the statement of cash flows for the years ended March 31, 2023 and March 31, 2022.

Our opinion on the financial statements for the year ended March 31, 2022 was qualified 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 auditor’s report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Foundation’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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation’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 qualified 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 the 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 audit 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 Foundation'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 Foundation'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 Foundation 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 achieves fair presentation.



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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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

August 4, 2023

NORTHERN CANCER FOUNDATION

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	Unrestricted	Restricted	Endowment	2023	2022
Assets					
Current assets:					
Cash and cash equivalents	\$ 4,039,952	\$ 258,795	\$ -	\$ 4,298,747	\$ 2,689,625
Accounts receivable (note 10)	58,271	343,573	-	401,844	232,301
Prepaid expenses	12,898	428	-	13,326	27,020
	4,111,121	602,796	-	4,713,917	2,948,946
Investments (note 3)	3,772,621	2,027,284	135,000	5,934,905	3,937,674
Inter-fund balances	(4,448,015)	3,912,833	535,182	-	-
	\$ 3,435,727	\$ 6,542,913	\$ 670,182	\$ 10,648,822	\$ 6,886,620
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 228,611	\$ 12,865	\$ -	\$ 241,476	\$ 97,535
Due to Health Sciences North (note 4)	49,969	646,758	-	696,727	45,467
Deferred Revenue	17,060	-	-	17,060	-
Current portion of long-term debt (note 6)	-	100,000	-	100,000	100,000
	295,640	759,623	-	1,055,263	243,002
Long-term debt (note 6)	-	100,000	-	100,000	200,000
	295,640	859,623	-	1,155,263	443,002
Fund balances:					
Unrestricted	3,140,087	-	-	3,140,087	2,703,596
Restricted (note 7)	-	5,683,290	-	5,683,290	3,069,937
Endowment (note 8)	-	-	670,182	670,182	670,085
	3,140,087	5,683,290	670,182	9,493,559	6,443,618
	\$ 3,435,727	\$ 6,542,913	\$ 670,182	\$ 10,648,822	\$ 6,886,620

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

NORTHERN CANCER FOUNDATION

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2023, with comparative information for 2022

	Unrestricted	Restricted	Endowment	Total 2023	Total 2022
Revenue:					
Donation and fundraising	\$ 929,654	\$ 2,490,515	\$ 100	\$ 3,420,269	\$ 1,577,482
Contributions from HSN 50/50 Cash Lottery for the North	-	1,445,579	-	1,445,579	1,421,003
Payroll-related grants and subsidies	-	-	-	-	29,222
	929,654	3,936,094	100	4,865,848	3,027,707
Expenses:					
Wages and benefits	311,320	-	-	311,320	359,550
Fundraising	127,428	71,412	-	198,840	142,473
Technology	28,768	-	-	28,768	33,935
Professional fees	17,862	-	-	17,862	18,002
Bank charges and transaction fees	11,664	1,819	3	13,486	22,044
Office and general	6,998	346	-	7,344	11,624
Donor recognition	1,945	3,230	-	5,175	4,723
	505,985	76,807	3	582,795	592,351
Excess of revenue over expenses before undernoted items					
	423,669	3,859,287	97	4,283,053	2,435,356
Municipal grants and contributions (note 5)	-	300,866	-	300,866	300,866
Interest and dividends	199,340	-	-	199,340	371,827
Realized gain (loss) on investments	778	(194)	-	584	1,269
Investment fees	(9,358)	-	-	(9,358)	(10,059)
Unrealized loss on investments	(154,938)	-	-	(154,938)	(247,064)
Excess of revenue over expenses before charitable distributions					
	459,491	4,159,959	97	4,619,547	2,852,195
Charitable programs	(3,000)	(76,200)	-	(79,200)	(73,015)
Gifts to Health Sciences North and Health Sciences North Research Institute	-	(1,490,406)	-	(1,490,406)	(1,626,242)
Excess of revenue over expenses					
	456,491	2,593,353	97	3,049,941	1,152,938
Fund balances, beginning of year	2,703,596	3,069,937	670,085	6,443,618	5,290,680
Inter-fund transfer	(20,000)	20,000	-	-	-
Fund balances, end of year					
	\$ 3,140,087	\$ 5,683,290	\$ 670,182	\$ 9,493,559	\$ 6,443,618

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 3,049,941	\$ 1,152,938
Item not involving cash		
Unrealized loss on investments	154,938	247,064
Donations in-kind	(2,022,608)	-
	1,182,271	1,400,002
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(169,543)	307,061
Decrease (increase) in prepaid expenses	13,694	(12,030)
Increase in accounts payable and accrued liabilities	143,941	31,545
Increase (decrease) in due to Health Sciences North	651,260	(235,256)
Increase in deferred revenue	17,060	-
	1,838,683	1,491,322
Cash flows from investing activities:		
Purchase of Investments	(129,561)	(346,464)
Cash flows from financing activities:		
Repayment of long-term debt	(100,000)	(100,000)
Net increase in cash and cash equivalents	1,609,122	1,044,858
Cash and cash equivalents, beginning of year	2,689,625	1,644,767
Cash and cash equivalents, end of year	\$ 4,298,747	\$ 2,689,625

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2023

1. Status and Purpose of the Foundation

The Northern Cancer Foundation (the "Foundation"), formerly Northern Cancer Research Foundation, was established to collect, accumulate and distribute funds for the benefit of cancer-related programs in Northeastern Ontario. The Foundation is a registered charity incorporated without share capital under the laws of the province of Ontario and is exempt from income tax under the Income Tax Act (Canada).

2. Significant accounting policies:

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook - Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

(a) Basis of presentation:

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors. To meet these objectives of financial reporting and stewardship over assets, certain inter-fund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. Transfers between the funds are made when it is considered appropriate and when appropriately authorized. These inter-fund transfers are recorded in the statement of operations and changes in fund balances.

For financial reporting purposes, the accounts have been classified into the following funds:

- The Unrestricted Fund, which accounts for the Foundation's general fundraising, granting and administrative activities. The Unrestricted Fund reports unrestricted resources available for immediate purposes.
- The Restricted Fund, which includes those funds where resources are to be used for an identified purpose as specified by the donor, as stipulated by the fundraising appeal or as determined by the Board.
- The Endowment Fund, which includes those funds where either donor or internal restrictions require that the principal be invested by the Foundation permanently.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(b) Revenue recognition:

The Foundation follows the restricted fund method of accounting for contributions. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions are recognized as revenue in the Unrestricted Fund. Restricted contributions are recognized as revenue in their respective restricted fund, unless the principal is to be maintained, in which case the contribution is recognized as revenue in the Endowment Fund. Event-related registration fees and sponsorship revenues are recognized when the underlying event occurs. Payroll-related grants and subsidies are recognized as revenue in the Unrestricted Fund. In-kind contributions of assets are recognized at their fair market value, contributions of services are not recognized.

Investment income includes dividend and interest income, unrealized and realized gains or losses and investment management fees and related expenses. Investment income earned on the Unrestricted, Restricted and Endowment Funds are recognized as revenue of the Unrestricted Fund. Investment losses are recorded in a manner consistent with investment income.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash and highly liquid investments which are readily converted into cash. Cash and investments meeting the definition of cash and cash equivalents that are held for investing rather than liquidity purposes are classified as investments.

(d) Financial Instruments:

Financial instruments are recorded at fair market value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless an election is made to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if any indicators of impairment exist. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected amount or timing of future cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

2. Significant accounting policies (continued):

(e) Accounting estimates:

The preparation of financial statements in conformity with Part III of the CPA Canada Handbook - Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(f) Government assistance:

Government assistance received or receivable as a result of the Government of Canada COVID-19 response programs are accounted for as operating grants and are recognized as either revenue or a reduction of the capital cost of the related asset or related expense in the period in which they are earned when there is reasonable assurance that the Foundation has complied and will continue to comply with the conditions associated with the assistance.

(g) Capital Assets:

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. The Foundation provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives.

3. Investments:

Investments consist of the following balances:

	2023	2022
Pooled funds	\$ 3,772,620	\$ 3,802,673
Publicly held Canadian equities	2,027,284	–
Guaranteed investment certificates	135,000	135,000
Privately held Canadian equities	1	1
	<u>\$ 5,934,905</u>	<u>\$ 3,937,674</u>

At December 31, 2020, the Foundation determined that its investment in shares held in a privately held corporation were impaired and the investment was written down to its estimated net realizable value.

On March 31, 2023, the Foundation received a donation in-kind of publicly held Canadian equities with a fair market value at time of transfer of \$2,022,608. The fair market value of these equities was \$2,027,284 as of market close on March 31. These equities were sold on receipt in accordance with the Foundation's investment policy. Due to processing times, the shares did not ultimately leave the possession of the Foundation until April 4, 2023 at which time proceeds on disposition were received in the amount of \$2,026,310.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

4. Transactions with Health Sciences North:

Health Sciences North is a public hospital and is independent of the Foundation. The Foundation raises funds on behalf of Health Sciences North to support the purchase of equipment, fund capital development as well as support research activities and other innovative opportunities with the intent of furthering healthcare in Northeastern Ontario.

Health Sciences North provides office space and related occupancy costs to the Foundation at no charge.

The Foundation reimbursed Health Sciences North for salaries and benefits of \$41,214 (2022 - \$36,730) associated with Health Sciences North staff working at the Foundation.

At March 31, 2023, the Foundation owes Health Sciences North \$696,727 (2022 - \$45,467). These amounts do not bear interest and are due on demand with no scheduled repayments.

During the course of the year, the Foundation gifted \$1,040,406 (2022 - \$1,326,242) to Health Sciences North, and \$450,000 (2022 - \$300,000) to Health Sciences North Research Institute.

5. Municipal grants and contributions:

Municipal grants and contributions consist of amounts received from the City of Greater Sudbury of \$300,866 (2022 - \$300,866) in relation to a pledge to the Heart and Soul Campaign for the purpose of capital expansion at the Shirley and Jim Fielding Northeast Cancer Center.

6. Long-term debt:

Long-term debt consists of an amount payable to Health Sciences North for the Foundation's contribution of funding towards the purchase of a PET scanner. The amount is non-interest bearing and is unsecured. Principal repayments are scheduled as follows:

2024	\$	100,000
2025		100,000
	\$	200,000

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

7. Restricted funds:

Restricted funds consist of the following balances:

2023	Balance, beginning of year	Revenues	Expenses	Transfers/ Other	Balance, end of year
Capital, equipment and research	\$ 2,577,026	\$ 4,143,079	\$ (1,504,991)	\$ -	\$ 5,215,114
Charitable and patient support	492,911	93,687	(138,422)	20,000	468,176
	\$ 3,069,937	\$ 4,236,766	\$ (1,643,413)	\$ 20,000	\$ 5,683,290

2022	Balance, beginning of year	Revenues	Expenses	Transfers/ Other	Balance, end of year
Capital, equipment and research	\$ 1,897,974	\$ 2,062,265	\$ (1,383,213)	\$ -	\$ 2,577,026
Charitable and patient support	428,417	226,218	(161,724)	-	492,911
	\$ 2,326,391	\$ 2,288,483	\$ (1,544,937)	\$ -	\$ 3,069,937

8. Endowment funds:

Endowment funds consist of the following balances:

2023	Balance, beginning of year	Revenues	Expenses	Transfers/ Other	Balance, end of year
Operational	\$ 529,963	\$ -	\$ -	\$ -	\$ 529,963
Charitable and patient support	140,122	100	(3)	-	140,219
	\$ 670,085	\$ 100	\$ (3)	\$ -	\$ 670,182

2022	Balance, beginning of year	Revenues	Expenses	Transfers/ Other	Balance, end of year
Operational	\$ 529,963	\$ -	\$ -	\$ -	\$ 529,963
Charitable and patient support	140,122	-	-	-	140,122
	\$ 670,085	\$ -	\$ -	\$ -	\$ 670,085

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Financial instruments:

The Foundation is exposed to various financial risks through transactions in financial instruments.

a) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss. The Foundation is exposed to this risk relating to its cash and cash equivalents, accounts receivable and investments.

The Foundation holds its cash and cash equivalents and investments with a large reputable financial institution in order to minimize risk.

The Foundation is exposed to credit risk in accounts receivable which is mainly comprised of receivables from governments as well as other charitable organizations. The Foundation minimizes this risk through management's ongoing analysis and monitoring of amounts due to the Foundation, and measures its exposure based on how long amounts have been outstanding.

The Foundation is also exposed to credit risk through its investments. The Foundation has developed policies which limit exposure to any one asset, invest through a large reputable institution and regularly monitor investment performance.

There have been no significant changes from the previous year in the exposure to this risk.

b) Liquidity risk:

Liquidity risk is the risk that an organization cannot repay its obligations when they have become due to its creditors. The Foundation is exposed to this risk relating to its accounts payable and accrued liabilities. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate amount of working capital to repay creditors as and when required.

There have been no significant changes from the previous year in the exposure to this risk.

c) Market risk:

Market risk is the risk that the fair value of an investment or future cash flows will be impacted by changes in market factors. These factors can be caused by changes in an underlying investment or factors affecting the market as a whole. The Foundation is exposed to market risk associated with certain of its investments. The fair market value of these investments fluctuate over time due to a variety of financial market factors. During the year, the Foundation continued to manage and control its exposure to market risk within its set policy parameters while maximizing investment returns.

There have been no significant changes from the previous year in the exposure to this risk.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

9. Financial instruments (continued):

d) Other risks:

The Foundation's main sources of revenue are donations, fundraising and investment income. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Foundation halted in-person activity and closed its office space to staff and the public for a period of time and began delivering fundraising events in a virtual environment based on recommendations from Public Health Ontario. The office space was re-opened in the summer of 2020, with social distancing requirements and Public Health regulations followed.

In response to the adverse impact the pandemic has had on certain revenue streams, the Foundation has undertaken certain cost cutting measures. The Federal government has provided financial relief in the form of the Canada Emergency Wage Subsidy in the amount of \$Nil (2022 - \$29,222). These subsidies are considered to be grants and will not be repaid as long as the Foundation meets certain terms and conditions specified by the government of Canada. These subsidies are subject to audit by the government with adjustments, if any, repayable to the government. Audit adjustments are recognized in the accounts in the year in which they become known. Management believes that it is currently in compliance with all terms and conditions of the CEWS program.

10. Contributions from entities with common elements

The Foundation shares common elements of management with the following entities:

- Health Sciences North Foundation
- NEO Kids Foundation
- Health Sciences North Volunteer Association

Each entity is independent of the other, with their own governance structure consisting of a Board of Directors. Management reports directly to each of the Boards with respect to the entity's activities.

During the year, the Foundation received a contribution from Health Sciences North Foundation through the funds raised in the HSN 50/50 Cash Lottery for the North of \$1,445,579 (2022 - \$1,421,003). Included in accounts receivable is \$343,573 (2022 - \$147,293) related to this contribution.

11. Commitments:

The Board of Directors has committed to Health Sciences North to provide the funds necessary for the renovation of a radiation bunker not to exceed \$500,000, an amount of \$15,000 remains outstanding towards this commitment with an estimated disbursement of fiscal year 2024. The Foundation has also committed to fund \$68,000 of patient support through its pediatric oncology-related restricted funds, with an estimated disbursement of fiscal year 2024. In addition, the Foundation has committed to funding \$300,000 of specified research projects in fiscal year 2024, as well as \$150,000 per year of funding towards the clinical oncology trials expansion project from fiscal year 2024 to fiscal year 2027 totaling \$600,000 to Health Sciences North Research Institute.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2023

12. Comparative information:

Certain comparative information have been reclassified from statements previously presented to conform to the presentation of the 2023 financial statements. The changes do not affect the prior year's reported excess of revenue over expenses.