

Financial Statements of

NORTHERN CANCER FOUNDATION

And Independent Auditor's report thereon

Year ended March 31, 2024



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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, 2024
- 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, 2024, 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, 2024 and March 31, 2023.
- 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, 2024 and March 31, 2023.
- 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, 2024 and March 31, 2023.



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- the excess of revenues over expenses reported in the statement of cash flows for the years ended March 31, 2024 and March 31, 2023.

Our opinion on the financial statements for the year ended March 31, 2023 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 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 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.



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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.

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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 25, 2024

NORTHERN CANCER FOUNDATION

Statement of Financial Position

March 31, 2024, with comparative information for 2023

	Unrestricted	Restricted	Endowment	2024	2023
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,945,716	\$ 356,225	\$ -	\$ 2,301,941	\$ 1,548,747
Accounts receivable (note 10)	23,716	119,934	-	143,650	401,844
Prepaid expenses	9,228	1,481	-	10,709	13,326
	1,978,660	477,640	-	2,456,300	1,963,917
Investments (note 3)	17,834,408	-	135,000	17,969,408	8,684,905
Inter-fund balances	(17,381,108)	16,845,926	535,182	-	-
	\$ 2,431,960	\$ 17,323,566	\$ 670,182	\$ 20,425,708	\$ 10,648,822
Liabilities and Fund Balances					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 163,771	\$ 4,088	\$ -	\$ 167,859	\$ 241,476
Due to Health Sciences North (note 4)	10,658	92,689	-	103,347	696,727
Deferred revenue	14,500	4,200	-	18,700	17,060
Current portion of long-term debt (note 6)	-	100,000	-	100,000	100,000
	188,929	200,977	-	389,906	1,055,263
Long-term debt (note 6)	-	-	-	-	100,000
	188,929	200,977	-	389,906	1,155,263
Fund balances:					
Unrestricted	2,243,031	-	-	2,243,031	3,140,087
Restricted (note 7)	-	17,122,589	-	17,122,589	5,683,290
Endowment (note 8)	-	-	670,182	670,182	670,182
	2,243,031	17,122,589	670,182	20,035,802	9,493,559
Commitments (note 11)					
Subsequent events (note 12)					
	\$ 2,431,960	\$ 17,323,566	\$ 670,182	\$ 20,425,708	\$ 10,648,822

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, 2024, with comparative information for 2023

	Unrestricted	Restricted	Endowment	Total 2024	Total 2023
Revenue:					
Donation and fundraising	\$ 876,244	\$ 9,185,065	\$ -	\$ 10,061,309	\$ 3,420,269
Contributions from HSN 50/50 Cash Lottery for the North	-	1,061,643	-	1,061,643	1,445,579
	876,244	10,246,708	-	11,122,952	4,865,848
Expenses:					
Wages and benefits	465,526	-	-	465,526	311,320
Fundraising	218,874	108,764	-	327,638	198,840
Bank charges and transaction fees	17,470	7,324	-	24,794	13,486
Professional fees	22,792	-	-	22,792	17,862
Technology	12,760	-	-	12,760	28,768
Office and general	14,124	-	-	14,124	7,344
Donor recognition	3,821	6,638	-	10,459	5,175
	755,367	122,726	-	878,093	582,795
Excess of revenue over expenses before undernoted items					
	120,877	10,123,982	-	10,244,859	4,283,053
Interest and dividends	564,247	-	-	564,247	199,340
Unrealized gain (loss) on investments	449,274	-	-	449,274	(154,938)
Municipal grants and contributions (note 5)	-	210,606	-	210,606	300,866
Realized gain on investments	1,742	-	-	1,742	584
Investment fees	(15,846)	-	-	(15,846)	(9,358)
Excess of revenue over expenses before charitable distributions					
	1,120,294	10,334,588	-	11,454,882	4,619,547
Charitable programs	(7,350)	(127,822)	-	(135,172)	(79,200)
Grants to Health Sciences North and Health Sciences North Research Institute	-	(777,467)	-	(777,467)	(1,490,406)
Excess of revenue over expenses					
	1,112,944	9,429,299	-	10,542,243	3,049,941
Fund balances, beginning of year	3,140,087	5,683,290	670,182	9,493,559	6,443,618
Inter-fund transfer	(2,010,000)	2,010,000	-	-	-
Fund balances, end of year					
	\$ 2,243,031	\$ 17,122,589	\$ 670,182	\$ 20,035,802	\$ 9,493,559

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 10,542,243	\$ 3,049,941
Item not involving cash		
Unrealized (gain) loss on investments	(449,274)	154,938
Donation in-kind of securities to investment portfolio	(8,091,600)	(2,022,608)
	2,001,369	1,182,271
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	258,194	(169,543)
Decrease in prepaid expenses	2,617	13,694
Increase in accounts payable and accrued liabilities	(73,617)	143,941
Decrease (increase) in due to Health Sciences North	(593,380)	651,260
Decrease in deferred revenue	1,640	17,060
	1,596,823	1,838,683
Cash flows from investing activities:		
Transfers to externally managed investments, net	(743,629)	(2,467,427)
Cash flows from financing activities:		
Repayment of long-term debt	(100,000)	(100,000)
Net increase (decrease) in cash and cash equivalents	753,194	(728,744)
Cash and cash equivalents, beginning of year	1,548,747	2,277,491
Cash and cash equivalents, end of year	\$ 2,301,941	\$ 1,548,747

See accompanying notes to financial statements.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements

Year ended March 31, 2024

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 (the "Board"). 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, 2024

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, 2024

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) 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:

	2024	2023
Cash and cash equivalents	\$11,326,889	\$ 2,885,000
Pooled funds	6,642,518	3,772,620
Publicly held Canadian equities	–	2,027,284
Privately held Canadian equities	1	1
	<u>\$17,969,408</u>	<u>\$ 8,684,905</u>

On March 31, 2023, the Foundation received a donation in-kind of publicly held Canadian equities with a fair market value at the 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, 2023. 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.

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.

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

4. Transactions with Health Sciences North (continued):

The Foundation reimbursed Health Sciences North for salaries and benefits of \$Nil (2023 - \$41,214) associated with Health Sciences North staff working at the Foundation.

At March 31, 2024, the Foundation owes Health Sciences North \$103,347 (2023 - \$696,727). These amounts do not bear interest and are due on demand with no scheduled repayments.

During the course of the year, the Foundation gifted \$267,067 (2023 - \$1,040,406) to Health Sciences North, and \$510,400 (2023 - \$450,000) 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 \$210,606 (2023 - \$300,866) in relation to a pledge to the Heart and Soul Campaign for the purpose of funding capital expansion at the Shirley and Jim Fielding Northeast Cancer Centre. The amounts received in the current year represent the final instalment payment of this pledge.

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 repayment is scheduled as follows:

2025	\$ 100,000
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NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

7. Restricted funds:

Restricted funds consist of the following balances:

2024	Balance, beginning of year	Revenues	Expenses	Transfers/Other	Balance, end of year
Capital, equipment and research	\$ 4,941,541	\$ 10,165,067	\$ (814,502)	\$ 2,010,000	\$ 16,302,106
Charitable and patient support	741,749	292,247	(213,513)	-	820,483
	\$ 5,683,290	\$ 10,457,314	\$ (1,028,015)	\$ 2,010,000	\$ 17,122,589

2023	Balance, beginning of year	Revenues	Expenses	Transfers/Other	Balance, end of year
Capital, equipment and research	\$ 2,303,453	\$ 4,143,079	\$ (1,504,991)	\$ -	\$ 4,941,541
Charitable and patient support	766,484	93,687	(138,422)	20,000	741,749
	\$ 3,069,937	\$ 4,236,766	\$ (1,643,413)	\$ 20,000	\$ 5,683,290

8. Endowment funds:

Endowment funds consist of the following balances:

2024	Balance, beginning of year	Revenues	Expenses	Transfers/Other	Balance, end of year
Operational	\$ 529,963	\$ -	\$ -	\$ -	\$ 529,963
Charitable and patient support	140,219	-	-	-	140,219
	\$ 670,182	\$ -	\$ -	\$ -	\$ 670,182

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

NORTHERN CANCER FOUNDATION

Notes to Financial Statements (continued)

Year ended March 31, 2024

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 large reputable financial institutions 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 large reputable institutions 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, 2024

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 \$1,061,643 (2023 - \$1,445,579). Included in accounts receivable is \$119,934 (2023 - \$343,573) related to this contribution.

11. Commitments:

The Board of Directors has committed to funding \$31,000 towards the Rural and Remote Geriatric Oncology Clinic, as well as funding towards the purchase of a MOLLI asset and associated first year operational support totaling \$154,000 to Health Sciences North. These funds are expected to be disbursed in fiscal year 2025.

The Board of Directors has also committed to funding \$150,000 per year of funding towards the Clinical Oncology Trials Expansion Project from fiscal year 2025 to fiscal year 2027 totaling \$450,000 to Health Sciences North Research Institute.

Subsequent to year-end, the Foundation committed to Health Sciences North to provide \$80,700 in funding towards the purchase of dental oncology-related equipment. In addition, the Foundation committed to fund various research projects at Health Sciences North Research Institute totaling \$300,000 in fiscal year 2025.

12. Subsequent events:

During the year, the Board of Northern Cancer Foundation began an operational review of the corporate structure of the Foundation, along with the Boards of Health Sciences North Foundation and NEO Kids Foundation to ensure the best interests of Health Sciences North and the donors of the Foundation are being served regarding the Foundation's mandate to collect, accumulate and distribute funds to Health Sciences North and other charitable organizations that provide health care services in Northeastern Ontario.

Subsequent to year-end, the Board reaffirmed their support to working with Health Sciences North Foundation and NEO Kids Foundation to achieve this mandate. This process is ongoing and will impact the future operations of the Foundation, with the intent to better serve Health Sciences North and the population of Northeastern Ontario.

13. Comparative information:

Certain comparative information have been reclassified from statements previously presented to conform to the presentation of the 2024 financial statements. The changes do not affect the prior year's reported excess of revenue over expenses.