

**CANCERCARE MANITOBA  
FOUNDATION INC.**

**Financial Statements**  
**For the year ended March 31, 2018**

# **CANCERCARE MANITOBA FOUNDATION INC.**

## **Financial Statements** **For the year ended March 31, 2018**

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## Independent Auditor's Report

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**To the Board of Directors  
CancerCare Manitoba Foundation Inc.**

We have audited the accompanying financial statements of CancerCare Manitoba Foundation Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in fund balances and cash flows for the year then ended and notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, CancerCare Manitoba Foundation Inc. derives revenues from fundraising activities and donations generated from events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and 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 March 31, 2018 and 2017, current assets as at March 31, 2018 and 2017, and fund balances as at April 1 and March 31 for both the 2018 and 2017 year ends. The audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effect of this limitation in scope.



#### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of CancerCare Manitoba Foundation Inc. as at March 31, 2018, 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.

#### **Other Matter**

The financial statements of CancerCare Manitoba Foundation Inc. for the year ended March 31, 2017 were audited by another auditor who expressed a qualified opinion on those financial statements on June 28, 2017.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
June 20, 2018



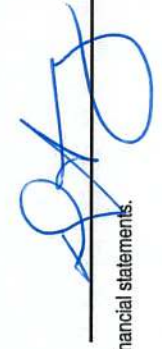
# CANCERCARE MANITOBA FOUNDATION INC.

## Statement of Financial Position

As at March 31, 2018

	Unrestricted Fund	Ongoing Restricted Funds	Endowment Funds	Capital Fund	2018 Total	2017 Total
<b>Assets</b>						
<b>Current Assets</b>						
Operating cash	\$ 4,194,181	\$ -	\$ -	\$ -	\$ 4,194,181	\$ 1,155,526
Accounts receivable	65,437	-	-	-	65,437	93,248
Prepaid expenses	162,293	-	-	-	162,293	141,657
	4,421,911	-	-	-	4,421,911	1,390,431
<b>Investments (Note 3)</b>	14,930,011	7,382,611	14,869,926	1,085,846	38,268,394	47,236,511
<b>Capital assets (Note 4)</b>	2,145	-	-	-	2,145	4,513
<b>Due from (to) other funds (Note 5)</b>	19,653,102	-	-	(19,653,102)	-	-
<b>Property development costs (Note 5)</b>	-	-	-	19,653,102	19,653,102	18,924,332
	\$ 39,007,169	\$ 7,382,611	\$ 14,869,926	\$ 1,085,846	\$ 62,345,552	\$ 67,555,787
<b>Liabilities and Fund Balances</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued liabilities	\$ 339,806	\$ -	\$ -	\$ -	\$ 339,806	\$ 600,005
Grants payable	4,376,210	-	-	-	4,376,210	844,869
Deferred contributions (Note 6)	379,336	-	-	-	379,336	120,521
Mortgage payable (Note 5)	-	-	-	-	-	9,870,000
	5,095,352	-	-	-	5,095,352	11,435,395
<b>Commitments (Note 10)</b>						
<b>Fund Balances</b>						
Unrestricted	33,911,817	-	-	-	33,911,817	33,741,040
Internally restricted	-	1,668,062	4,992	-	1,673,054	1,670,802
Externally restricted	-	5,714,549	2,763,522	1,085,846	9,563,917	8,759,537
Endowed	-	-	12,101,412	-	12,101,412	11,949,013
	33,911,817	7,382,611	14,869,926	1,085,846	57,250,200	56,120,392
	\$ 39,007,169	\$ 7,382,611	\$ 14,869,926	\$ 1,085,846	\$ 62,345,552	\$ 67,555,787

Approved by the Board of Directors:




The accompanying notes are an integral part of these financial statements.

# **CANCERCARE MANITOBA FOUNDATION INC.** **Statement of Operations and Changes in Fund Balances**

For the year ended March 31, 2018

	Unrestricted Fund	Ongoing Restricted Funds	Endowment Funds	Capital Fund	2018 Total	2017 Total
<b>Fundraising and Realized Investments Revenue</b>						
Estates and insurance beneficiary (Note 8)	\$ 481,603	\$ 26,557	\$ -	\$ -	\$ 508,160	\$ 1,789,762
General donations (Note 8)	1,807,510	1,466,261	-	634,085	3,907,856	2,270,245
Memorial donations (Note 8)	388,979	17,115	1,318	-	407,412	471,855
Events (Note 8)	2,795,662	941,551	-	-	3,737,213	3,966,584
Other donations	5,473,754	2,451,484	1,318	634,085	8,560,641	8,498,446
Realized investment income (Note 9)	283,123	-	-	-	283,123	254,297
	604,547	81,465	167,527	11,785	865,324	3,951,197
Capital fund expenses	6,361,424	2,532,949	168,845	645,870	9,709,088	12,703,940
	-	-	-	(292,630)	(292,630)	(684,074)
	6,361,424	2,532,949	168,845	353,240	9,416,458	12,019,866
<b>Administrative and Program Expenses</b>						
Administrative expenses	732,821	-	-	-	732,821	785,695
Marketing and communication	315,338	-	-	-	315,338	288,743
Donor development and major gifts	542,094	-	-	-	542,094	580,175
Events and projects	350,709	-	-	-	350,709	346,438
Amortization	3,578	-	-	-	3,578	4,006
	1,944,540	-	-	-	1,944,540	2,005,057
<b>Excess of revenue over expenses before grants and unrealized investment gain (loss)</b>	4,416,884	2,532,949	168,845	353,240	7,471,918	10,014,809
<b>Grants to CancerCare Manitoba</b>	3,258,896	3,233,621	291,670	-	6,784,187	6,128,756
<b>Unrealized investment gain (loss)</b>	1,157,988	(700,672)	(122,825)	353,240	687,731	3,886,053
	165,185	91,863	185,029	-	442,077	(204,015)
<b>Excess (deficiency) of revenue over expenses for the year</b>	1,323,173	(608,809)	62,204	353,240	1,129,808	3,682,038
<b>Fund balance, beginning of year</b>	33,740,759	6,839,305	14,807,722	732,606	56,120,392	52,438,354
<b>Transfer of funds (Note 11)</b>	(1,152,115)	1,152,115	-	-	-	-
<b>Fund balance, end of year</b>	\$ 33,911,817	\$ 7,382,611	\$ 14,869,926	\$ 1,085,846	\$ 57,250,200	\$ 56,120,392

The accompanying notes are an integral part of these financial statements.

# **CANCERCARE MANITOBA FOUNDATION INC.**

## **Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Excess of revenue over expenses for the year	\$ 1,129,808	\$ 3,682,038
Items not affecting cash		
Unrealized investment loss (gain)	(442,077)	204,015
Amortization of capital assets	3,578	4,006
	<u>691,309</u>	<u>3,890,059</u>
Changes in non-cash operating working capital items:		
Accounts receivable	27,811	177,250
Prepaid expenses	(20,636)	114,242
Accounts payable and accrued liabilities	(260,199)	292,089
Grants payable	3,531,341	(1,327,833)
Deferred contributions	258,815	(139,574)
	<u>4,228,441</u>	<u>3,006,233</u>
<b>Investing Activities</b>		
Property development costs paid	(728,770)	(29,296)
Acquisition of capital assets	(1,210)	-
Acquisition of investments	(1,043,326)	(4,126,764)
Redemption of investments	10,453,520	1,200,000
	<u>8,680,214</u>	<u>(2,956,060)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of mortgage	(9,870,000)	-
<b>Net increase in operating cash</b>	<b>3,038,655</b>	<b>50,173</b>
<b>Operating cash, beginning of year</b>	<b>1,155,526</b>	<b>1,105,353</b>
<b>Operating cash, end of year</b>	<b>\$ 4,194,181</b>	<b>\$ 1,155,526</b>



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# **CANCERCARE MANITOBA FOUNDATION INC.**

## **Notes to Financial Statements**

**For the year ended March 31, 2018**

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### **1. Purpose of the Organization**

CancerCare Manitoba Foundation Inc. (the "Foundation") is an independent agency whose sole purpose is to develop resources that support CancerCare Manitoba in providing optimal cancer control services to Manitobans. Upon acceptance of specific proposals, funds raised are granted for specific projects and equipment.

The Foundation is a registered public foundation under the Income Tax Act and accordingly is exempt from income taxes.

### **2. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **a) Fund Accounting**

The Foundation follows the restricted fund method of accounting for contributions.

The Unrestricted Fund includes revenue from general fundraising activities of the Foundation and accounts for the Foundation's program delivery and administrative activities.

The Ongoing Restricted Funds include resources donated to the Foundation which are directed for specific use, together with funds internally restricted by the Board of Directors.

The Endowment Funds include resources contributed as endowment capital and restricted investment income for which grants have not yet been identified. Income earned on resources of the Endowment Funds is used for various purposes based on the restrictions imposed by contributors of the endowment.

The Capital Fund includes expenditures associated with the Foundation's capital project related to assisting CancerCare Manitoba expand its current facilities as well as the revenue and expenses related to the Capital Campaign that has been undertaken to raise funds for this project.

#### **b) Capital Assets**

Purchased capital assets are recorded at original cost. Contributed fixed assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the following useful lives:

Computer hardware	4 years
Computer software	1 year
Furniture and fixtures	5 years



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# **CANCERCARE MANITOBA FOUNDATION INC.**

## **Notes to Financial Statements**

**For the year ended March 31, 2018**

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### **2. Significant Accounting Policies (continued)**

#### **c) Financial Instruments**

Financial assets and financial liabilities are initially recognized at fair value when the Foundation becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments in marketable securities quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations and Changes in Fund Balances.

The Foundation's financial assets measured at fair value include its investments in Canadian equities, global equities and fixed income instruments.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes in net earnings an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of the impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in net earnings in the period the reversal occurs.

#### **d) Grants**

Grants are reflected as an expense in the fiscal year in which the grants are paid or payable. Invoices received from CancerCare Manitoba in support of grants are accrued and expensed when received and included in grants payable on the Statement of Financial Position.

#### **e) Revenue Recognition**

Restricted contributions related to general operations are recognized as revenue of the Unrestricted Fund in the year in which the related expenses are included. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

All unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Funds when the funds are received.

# CANCERCARE MANITOBA FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2018

### 2. Significant Accounting Policies (continued)

#### e) Revenue Recognition (continued)

Realized investment income and unrealized gains (losses) earned on Endowment and Restricted Funds resources are recognized as revenue of the corresponding Endowment or Restricted Funds, in accordance with board policy. Other realized investment income and unrealized gains (losses) are recognized as revenue of the Unrestricted Fund when earned.

Pledges received by the Foundation are not recognized in these financial statements.

#### f) Contributed Services

The Foundation receives the help of unpaid volunteers to deliver services. The value of these services is not reflected in the accompanying Statement of Operations and Changes in Fund Balances.

#### g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the fair value of marketable securities. Actual results could differ from these estimates.

### 3. Investments

The following provides details regarding the Foundation's investments:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Canadian equities	\$ 12,640,647	\$ 9,189,504	\$ 12,558,949	\$ 9,277,291
Cash	3,627,020	3,627,020	4,374,375	4,374,375
Fixed income	5,658,410	5,638,692	5,024,977	4,904,923
Global equities	15,056,398	7,870,752	13,647,502	7,210,660
Mineral rights	5,000	5,000	5,000	5,000
Money market	1,280,919	1,280,919	11,625,708	11,625,708
	<b>\$ 38,268,394</b>	<b>\$ 27,611,887</b>	<b>\$ 47,236,511</b>	<b>\$ 37,397,957</b>



# CANCERCARE MANITOBA FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2018

### 4. Capital Assets

			2018		2017	
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Computer hardware	\$ 51,608	\$ 50,672	\$ 936	\$	4,513	
Computer software	16,848	16,848	-		-	
Furniture and fixtures	53,534	52,325	1,209		-	
	<b>\$ 121,990</b>	<b>\$ 119,845</b>	<b>\$ 2,145</b>	<b>\$</b>	<b>4,513</b>	

### 5. Property Development Costs

Pursuant to certain agreements dated March 9, 2015, the Foundation purchased and is in the planning process of redeveloping several properties for the benefit of CancerCare Manitoba. It is intended that these efforts will allow CancerCare Manitoba to expand its current facilities so that it is able to respond to the increasing incidence of cancer and provide timely state of the art research and care for the benefit of patients in Manitoba. The Foundation obtained title of the specific properties in August 2015 and January 2016 respectively for a total purchase price of \$18,420,000, of which \$8,550,000 was paid in cash and \$9,870,000 was financed by way of a vendor take-back mortgage. The remaining balance included in property development costs represents expenditures directly related to the acquisition and development of the property.

The mortgage of \$9,870,000 was paid in full and discharged in January 2018.

As at March 31, 2018, the property development costs have been financed by a loan between funds. The loan is non-interest bearing, unsecured and bears no specific terms of repayment.

### 6. Deferred Contributions

Deferred contributions represent contributions for specific projects and other purposes relating to future periods:

	2018		2017	
Balance, beginning of year	\$ 120,521	\$	260,095	
Contributions received during the year	379,336		120,521	
Contributions recognized as revenue during the year	(120,521)		(260,095)	
Balance, end of year	<b>\$ 379,336</b>	<b>\$</b>	<b>120,521</b>	



# CANCERCARE MANITOBA FOUNDATION INC.

## Notes to Financial Statements

For the year ended March 31, 2018

### 7. Pledges Received

The following pledges have been received for future support of the Foundation and its fundraising efforts. The value of these pledges has not been recognized in these financial statements.

	2018	2017
Pledges related to the Capital Campaign	\$ 1,250,365	\$ 400,000
Pledges related to ongoing support	107,939	138,354
	<u>\$ 1,358,304</u>	<u>\$ 538,354</u>

### 8. Net Fundraising Revenue

#### a) Estates and Insurance Beneficiary

	2018	2017
Revenue	\$ 518,475	\$ 1,800,219
Expense	(10,315)	(10,457)
	<u>\$ 508,160</u>	<u>\$ 1,789,762</u>

#### b) General Donations

	2018	2017
Revenue	\$ 4,159,303	\$ 2,391,224
Expenses	(251,447)	(120,979)
	<u>\$ 3,907,856</u>	<u>\$ 2,270,245</u>

#### c) Memorial Donations

	2018	2017
Revenue	\$ 456,121	\$ 525,264
Expenses	(48,709)	(53,409)
	<u>\$ 407,412</u>	<u>\$ 471,855</u>

#### d) Events

	2018	2017
Revenue	\$ 4,413,693	\$ 4,802,990
Expense	(676,480)	(836,406)
	<u>\$ 3,737,213</u>	<u>\$ 3,966,584</u>

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## CANCERCARE MANITOBA FOUNDATION INC.

### Notes to Financial Statements

**For the year ended March 31, 2018**

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#### 9. Realized Investment Income

	2018	2017
Dividends	\$ 500,364	\$ 484,555
Interest income	352,796	381,289
Investment management fees	(174,762)	(174,373)
Realized gain on sale of investments	186,926	3,259,726
	<u>\$ 865,324</u>	<u>\$ 3,951,197</u>

#### 10. Commitments

In addition to the grant allocations made in the 2018 year and recognized in these financial statements, the Foundation has committed funds to CancerCare Manitoba for grant allocations and associated capital projects as follows:

Outstanding grant commitments relating to the 2018 fiscal year	\$ 12,591,791
Grant commitments relating to the 2019 year end	<u>7,000,000</u>
	<u>\$ 19,591,791</u>

#### 11. Transfer of Funds

During the year \$1,152,115 was transferred from the Unrestricted Fund to the Ongoing Restricted Funds (\$797,300 and \$810,582 in 2017 were transferred from the Unrestricted Fund to the Ongoing Restricted Funds and Endowment Funds respectively). These transfers reflect the net proceeds of fundraising campaigns held for the purpose of the Restricted Funds or as restricted by the Board of Directors.

#### 12. Pension Plans

The employees of the Foundation are members of the Health Employees' Pension Plan (the "Plan") which is a multi-employer defined benefit pension plan available to all eligible employees. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. The costs of the benefit plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan.

Variances between actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The most recent actuarial valuation of the Plan as at December 31, 2016 indicates the plan is in a deficit.



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# **CANCERCARE MANITOBA FOUNDATION INC.**

## **Notes to Financial Statements**

**For the year ended March 31, 2018**

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### **12. Pension Plans (continued)**

The HEPP board continues to monitor the Plan's financial progress in order to align the assets and liabilities based on Plan experience and investment returns over the long-term. The Foundation has fully met its obligations and has fully paid the required premiums. Contributions to the plan made during the year by the Foundation on behalf of its employees amounted to \$107,531 (\$105,690 in 2017) and are included in the Statement of Operations and Changes in Fund Balances.

### **13. Financial Instrument Risk Management**

The Foundation is exposed to a variety of financial risks by virtue of its assets and liabilities. Details relating to these risks are as follows:

#### Equity Market Risk

Equity market risk is the potential for financial loss arising from price changes or volatility in equity markets. Certain Foundation investments are subject to equity market risk. Equity market risk is mitigated by the Foundation's internal Investment Policy which specifies an acceptable asset mix for the Foundation's investment portfolio.

#### Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Foundation's cash flow, financial position and income. The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. These fixed-rate instruments subject the Foundation to the risk of changes in fair value and represent investments in a fixed income pooled fund. The current investment philosophy with respect to the fixed income investments is to preserve capital and temper the impact of potentially rising rates.

#### Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Foundation is exposed to credit risk relating to its accounts receivable and is also indirectly exposed to credit risk through debt securities, such as bonds and mortgages. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The Foundation has invested in investments that are considered to be high quality credit instruments and utilizes an internal Investment Policy and Procedures monitoring process to manage credit risk.

#### Foreign Currency Risk

The Foundation owns equity investments denominated in foreign currencies. Accordingly, the Foundation is exposed to fluctuations in exchange rates.

#### Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.