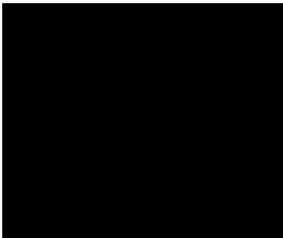

Financial statements of
Dr. H. Bliss Murphy Cancer Care
Foundation

March 31, 2019

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Independent Auditor's Report

To the Board of Directors of
Dr. H. Bliss Murphy Cancer Care Foundation

Qualified Opinion

We have audited the financial statements of the Dr. H. Bliss Murphy Cancer Care Foundation (the "Foundation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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 (collectively 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 report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2019, 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 not-for-profit organizations, the Foundation derives revenue from donations, 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 recorded contributions, the excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets as at March 31, 2019, and net assets as at April 1, 2018 and March 31, 2019. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2018 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 ("Canadian GAAS"). 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 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 audit opinion.

Emphasis of Matter – Restated Comparative Information

We draw your attention to Note 2 in the financial statements, which explains that certain comparative information presented for March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

The statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, prior to the adjustments that were applied to restate certain comparative information explained in Note 2, were audited by another auditor who issued a qualified opinion on September 12, 2018 for reasons described in the Basis for Qualified Opinion section.

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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, 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.

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.

Dr. H. Bliss Murphy Cancer Care Foundation
Statement of financial position

As at March 31, 2019

	Notes	2019 \$	2018 \$ (Restated) (Notes 2, 7)
Assets			
Current assets			
Cash		351,636	707,263
Government remittance receivable		33,583	89,154
Inventories		108,851	91,873
Prepaid expenses		11,068	11,068
Aeroplan miles		1,016	1,016
		506,154	900,374
Investments	4	2,437,700	1,652,646
Capital assets	5	215,697	218,482
		3,159,551	2,771,502
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		143,681	47,151
Due to Eastern Health Regional Authority	9	88,126	39,540
		231,807	86,691
Due to Eastern Health Regional Authority	9	—	922,793
		231,807	1,009,484
Net assets			
██████████ Endowment Fund	8	250,129	235,226
Patient and Family Support Endowment Fund	10	999,003	975,570
Internally restricted net assets	6	579,768	580,524
Externally restricted net assets	7, 2	1,556,023	213,854
Unrestricted net assets	2	(672,876)	(461,638)
Invested in capital assets		215,697	218,482
		2,927,744	1,762,018
		3,159,551	2,771,502

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

Approved by the Board

_____, Director

_____, Director

Dr. H. Bliss Murphy Cancer Care Foundation**Statement of operations**

Year ended March 31, 2019

	2019	2018
Schedules	<u>\$</u>	<u>\$</u>
Revenue		
In This Together	1,449,220	—
Annual Fund	889,312	1,139,886
Polka Dot Trot	292,095	244,182
Memorial program	92,559	79,005
Investment income	46,905	49,349
Gifts in kind	24,255	26,187
Sparkles of Hope – bracelet sales	8,361	17,079
TrueBeam campaign	—	10,000
Bust-A-Move revenue	—	102
	<u>2,802,707</u>	<u>1,565,790</u>
Expenditures		
Disbursements	2 680,249	649,479
Administrative and management	3 508,089	444,260
In This Together	6 186,919	—
Fundraising costs	4 164,387	142,830
Polka Dot Trot	1 57,379	113,239
Charitable programs	5 39,958	39,326
	<u>1,636,981</u>	<u>1,389,134</u>
Excess of revenues over expenditures	<u>1,165,726</u>	<u>176,656</u>

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

Dr. H. Bliss Murphy Cancer Care Foundation

Statement of changes in net assets

Year ended March 31, 2019

						Total 2019	Total 2018
	██████████ ██████████ Endowment Fund	Patient and Family Support Endowment Fund	Internally restricted	Externally restricted	Unrestricted	Invested in capital assets	
						\$	\$
Balance, beginning of year	235,226	975,570	580,524	213,854	(461,638)	218,482	1,585,362
Excess (deficit) of revenues over expenditures	14,903	23,433	(756)	1,342,169	(211,238)	(2,785)	176,656
Balance, end of year	250,129	999,003	579,768	1,556,023	(672,876)	215,697	1,762,018

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

Dr. H. Bliss Murphy Cancer Care Foundation**Statement of cash flows**

Year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Excess of revenues over expenditures	1,165,726	176,656
Items not involving cash		
Accrued severance pay	—	66,881
Contributed assets	(4,255)	(5,440)
Amortization	7,040	7,040
Realized loss on disposal of investments	2,652	—
Unrealized loss on investments	35,392	16,551
Accrued and reinvested investment income	45,258	(64,760)
	1,251,813	196,928
Changes in non-cash operating working capital		
Decrease in government remittance receivable	55,571	34,045
(Increase) decrease in inventories	(16,978)	3,334
Decrease in Aeroplan miles	—	16,717
Increase in accounts payable and accrued liabilities	96,530	16,749
Change in due to Eastern Regional Health Authority – current	48,586	(4,064)
Change in due to Eastern Regional Health Authority – long-term	(922,793)	(250,000)
	512,729	13,709
Investing activities		
Purchase of investments	(3,100,281)	(808,234)
Proceeds on disposal of investments	2,231,925	1,160,532
	(868,356)	352,298
Net (decrease) increase in cash	(355,627)	366,007
Cash, beginning of year	707,263	341,256
Cash, end of year	351,636	707,263

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

Dr. H. Bliss Murphy Cancer Care Foundation

Notes to Financial Statements

March 31, 2019

1. Nature of operations

Dr. H. Bliss Murphy Cancer Care Foundation (the "Foundation") was incorporated under the Laws of the Province of Newfoundland and Labrador on October 12, 2004. The Foundation develops, stewards and distributes charitable resources to enhance treatment and supportive care programs for cancer patients, funds local cancer research initiatives and provides continuing education opportunities for staff of the Foundation and affiliated regional cancer programs in Newfoundland and Labrador.

The Foundation is a registered charity, and as such, is exempt from income taxes and may issue charitable donation receipts.

2. Restatement of prior period

The March 31, 2018 balance in externally restricted net assets has been restated to recognize disbursements from the Power of Life Special Fund that had previously been recorded through unrestricted net assets. The table below details the impact of this restatement:

	\$	\$	2018 \$
	(Previously stated)	(Adjustments)	(Restated)
Power of Life Special Fund	758,520	(544,666)	213,854
Unrestricted net assets	(1,006,304)	544,666	(461,638)

3. Significant accounting policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada Accounting Handbook - Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below.

Revenue recognition

The Foundation follows the restricted fund method whereby externally restricted contributions (grants and donations) are recognized in the fund corresponding to the purpose for which they were contributed. Restricted contributions for which no corresponding restricted fund is presented must be recognized in the unrestricted fund using the deferral method. Unrestricted contributions are recognized as revenues in the unrestricted fund. The Foundation recognizes grants when collection is reasonably assured.

Investment income, which consists of interest, dividends, and unrealized gains and losses is recorded in the statement of operations, as earned except to the extent that it is externally restricted, in which case it is added to or deducted from endowment net assets or other restricted balances.

Cash

Cash is comprised of bank balances on deposit with financial institutions.

Dr. H. Bliss Murphy Cancer Care Foundation**Notes to Financial Statements**March 31, 2019

3. Significant accounting policies (continued)*Financial instruments*

Financial instruments are recorded at fair 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 management has elected 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. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. 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 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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Donated goods and contributed services

Donated goods are recorded at their fair market value at the time of the donation, when such value is readily determinable. The total value of donated goods in 2019 was \$24,255 (\$26,187 in 2018).

The activities of the Foundation include time donated by a substantial number of volunteers. Since no objective basis exists for recording and assigning values to these services, they are not reflected in the financial statements.

Capital assets

Capital assets include donated artwork that is recorded at fair value when determinable at the date of acquisition and is not amortized. The Foundation uses an accredited appraiser to value the artwork. When the fair value of the artwork cannot be determined it is recorded at nil value.

The Garden of Hope retaining wall is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the asset's useful life of twenty years.

Accrued severance pay

Employees are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees based upon years of service and current salary levels. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on long-term corporate bonds. Actuarial gains and losses are recognized immediately through the statement of changes in net assets. Subsequent to year end, all amounts owing to the Foundation's employees in respect of severance accumulation has been paid to the individual employee.

Dr. H. Bliss Murphy Cancer Care Foundation

Notes to Financial Statements

March 31, 2019

3. Significant accounting policies (continued)

Aeroplan asset

The Foundation receives donations of Aeroplan points to cover travel expenses for cancer patients to receive treatment. These are recorded at their fair value as received.

Pension costs

Employees of the Foundation are members of the Public Service Pension Plan (PSPP) administered by the Public Service Pension Plan Corporation and the Government Money Purchase Plan (GMPP) administered by the Government of Newfoundland and Labrador, collectively (the "Plans").

PSPP is a defined benefit pension plan covering full-time employees of the Province of Newfoundland and Labrador, the Legislature and various crown corporation, agencies and commissions created by or under a statute of the Province. As there is insufficient information available at the employer level to account for this plan as a defined benefit plan, the Foundation accounts for PSPP as a defined contribution plan. PSPP's deficit is disclosed to the Public Service Pension Plan website. There are no significant changes in the contractual elements of PSPP.

GMPP is a defined contribution plan covering employees of the Government of Newfoundland and Labrador that are not eligible to participate in other plans sponsored by the Government of Newfoundland and Labrador.

Contributions to the Plans are required from both the employees and the Foundation. The annual contributions to pensions are recognized as an expense in the period.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

Use of estimates

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in these financial statements include the useful lives of capital assets and accrued liabilities. Actual results could differ materially from those estimates.

4. Investments

	2019	2018
	\$	\$
Fixed Income	2,128,948	1,329,770
Mutual funds	236,210	237,546
Equities	72,542	85,330
	<u>2,437,700</u>	<u>1,652,646</u>

Included in investment income on the statement of operations is interest of \$34,686 (\$47,782 in 2018), dividend income \$14,383 (\$17,019 in 2018), and unrealized loss \$35,392 (gain \$16,551 in 2018).

Dr. H. Bliss Murphy Cancer Care Foundation

Notes to Financial Statements

March 31, 2019

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Garden of Hope retaining wall	140,803	17,600	123,203	130,243
Works of art	92,494	—	92,494	88,239
	233,297	17,600	215,697	218,482

6. Internally restricted net assets

The balance included in internally restricted net assets represents amounts internally restricted by the Foundation's Board of Directors and is comprised of the following internally restricted funds:

	2019	2018
	\$	\$
Research funds	349,948	330,054
Cancer Centre – East/West Fund	51,866	51,061
Cancer Centre – Western Region Campaign	25,041	25,151
Kids With Cancer Travel Fund	13,991	13,561
Patient and Family Endowment Fund	14,473	—
Patient and Family Support Fund	124,449	160,697
	579,768	580,524

7. Externally restricted net assets

The balance included in externally restricted net assets represents amounts externally restricted by the Foundation's donors and is comprised of the following externally restricted funds:

	2019	2018
	\$	\$
Power of Life Special Fund	293,722	213,854
In This Together Campaign	1,262,301	—
	1,556,023	213,854

Dr. H. Bliss Murphy Cancer Care Foundation

Notes to Financial Statements

March 31, 2019

8. ██████████ endowment fund

These investments represent the funds donated to the ██████████ Endowment Fund that are required by the donors to be maintained by the Foundation on a permanent basis. These amounts are all externally restricted.

	2019	2018
	\$	\$
Canadian corporate bonds	207,748	227,662
High interest savings account	42,381	7,564
	<u>250,129</u>	<u>235,226</u>

Income earned on these investments can only be disbursed on educational scholarships and awards granted to staff of the Dr. H. Bliss Murphy Cancer Centre and affiliated regional cancer programs. During the year ended, March 31, 2019, investment income on these net assets was \$4,763 (\$8,094 in 2018) which was recorded as income in the statement of operations. There was \$19,973 (\$8,482 in 2018) disbursed from the fund in the year.

9. Related party debt

Eastern Regional Health Authority (Eastern Health) is a related party. The Foundation operates for the purpose of accumulating funds to assist Eastern Health with the purchase of medical equipment used in the provision of cancer patient care.

Eastern Health provides payroll services as well as IT services to the Foundation as well as insurance coverage for the Foundation's Board of Directors, at no cost to the Foundation. These in kind contributions have not been reflected in these financial statements. The Foundation has a payable to Eastern Health in the amount of \$88,126 (\$39,540 in 2018) relating to normal operating activities.

During 2014, the Foundation committed to disburse a total of \$2,500,000 to Eastern Health as repayment of the purchase of equipment. As at March 31, 2019, \$2,500,000 (\$1,714,000 in 2018) of the obligation has been paid to Eastern Regional Health Authority.

10. Patient and Family Support Endowment Fund

These investments represent the funds donated to the Patient and Family Support Endowment Fund that are required by the donors to be maintained by the Foundation on a permanent basis. These amounts are all externally restricted.

	2019	2018
	\$	\$
Canadian corporate bonds	701,856	615,856
Equity mutual funds	236,211	237,546
	<u>938,067</u>	<u>853,402</u>
Cash held	60,936	122,168
	<u>999,003</u>	<u>975,570</u>

Income earned on these investments can only be disbursed on funding the activities of the Patient and Family Support Annual Fund. During the year ended March 31, 2019, investment income on these net assets was \$15,380 (\$16,188 in 2018) which was recorded as income in the statement of operations. There was \$89,750 (\$35,428 in 2018) disbursed from the fund in the year.

11. Financial instruments

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligation. The Foundation's credit risk is primarily attributed to cash and investments. The Foundation manages this risk by maintaining cash and investment balances with recognized financial institutions.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. The Foundation manages this risk by monitoring cash from operations.

Interest rate risk

The Foundation is exposed to interest rate risk with respect to its managed investment portfolio because fair value and expected interest income will fluctuate due to changes in market interest rates.

Dr. H. Bliss Murphy Cancer Care Foundation

Schedule 1 – Polka Dot Trot

Year ended March 31, 2019

	2019	2018
	\$	\$
Event supplies	17,981	16,043
Public relations	12,981	14,068
Bank charges and interest	9,977	2,402
Advertising	7,544	27,154
Signage	4,348	7,691
Promotion material	1,838	784
Photography	950	1,200
Insurance	450	440
Travel	395	792
Printing	288	65
Subscription fees	205	91
Courier	193	—
Stewardship	145	890
Business meetings	84	62
Professional fees	—	38,366
Software maintenance	—	3,191
	57,379	113,239

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

Dr. H. Bliss Murphy Cancer Care Foundation
Schedule 2 – Disbursements

Year ended March 31, 2019

	2019	2018
	\$	\$
Patient support programs	314,592	341,530
Wages, salaries and benefits	148,378	122,736
Polka Dot Trot	82,808	7,500
Swim for Hope Payouts	64,092	57,973
Research	38,000	43,000
Capital Fund Eastern Health	12,097	39,000
Scholarships, bursaries and grants	11,000	18,030
Website design and maintenance	9,282	—
Aeroplan expense	—	19,710
	680,249	649,479

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

Dr. H. Bliss Murphy Cancer Care Foundation
Schedule 3 – Administrative and Management
Year ended March 31, 2019

	2019	2018
	\$	\$
Salaries and benefits	356,131	362,312
HST expense	56,761	—
Professional fees	34,369	3,416
Accounting and legal	24,272	16,642
Bank charges and interest	12,011	13,886
Amortization	7,040	7,040
Storage	4,730	3,188
Printing	2,469	1,894
Office supplies	2,347	1,548
Administration	1,696	26,863
Insurance	1,385	1,292
Event supplies	1,375	2,311
Membership fees	1,264	1,160
Courier	927	568
Minor equipment and furniture	765	852
Business meetings	547	1,288
	508,089	444,260

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

Dr. H. Bliss Murphy Cancer Care Foundation

Schedule 4 – Fundraising Costs

Year ended March 31, 2019

	2019	2018
	\$	\$
Direct mail program	99,259	96,967
Event supplies	43,380	25,026
Bank charges	5,901	1,883
Subscription fees	3,024	2,789
Sparkles of Hope	3,021	5,204
Printing	2,299	1,896
Postage	1,870	3,574
Promotional material	1,596	435
Professional fees	1,577	—
Insurance	1,165	1,420
Courier	648	592
Web design and maintenance	332	388
Signage	315	1,908
Advertising	—	748
	164,387	142,830

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

Dr. H. Bliss Murphy Cancer Care Foundation

Schedule 5 – Charitable Programs

Year ended March 31, 2019

	2019	2018
	\$	\$
Software maintenance	18,555	12,689
Telephone	3,382	2,915
Printing	3,080	3,751
Stewardship	2,742	1,242
Travel	2,642	2,742
Public relations	2,243	8,706
Professional development	2,186	1,880
Promotional materials	1,624	435
Professional fees	877	—
Web design and maintenance	807	—
Signage	715	356
Photography	700	500
Postage	405	3,561
Event supplies	—	549
	39,958	39,326

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

Dr. H. Bliss Murphy Cancer Care Foundation

Schedule 6 – In This Together

Year ended March 31, 2019

	2019	2018
	\$	\$
Professional fees	63,838	—
Public relations	62,385	—
Administration	48,621	—
Event supplies	3,867	—
Travel	3,017	—
Software maintenance	2,295	—
Signage	1,380	—
Photography	700	—
Printing	270	—
Business meetings	222	—
Courier	184	—
Stewardship	140	—
	186,919	—

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