

KIDS CANCER CARE FOUNDATION OF ALBERTA
Financial Statements
January 31, 2018

KIDS CANCER CARE FOUNDATION OF ALBERTA
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For the Year Ended January 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Kids Cancer Care Foundation of Alberta:

We have audited the accompanying financial statements of Kids Cancer Care Foundation of Alberta, which comprise the statement of financial position as at January 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kids Cancer Care Foundation of Alberta as at January 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.

Calgary, Alberta
May 23, 2018


Chartered Professional Accountants

KIDS CANCER CARE FOUNDATION OF ALBERTA
Statement of Financial Position
As at January 31, 2018

	2018	2017
Assets		
Current		
Cash and cash equivalents	\$ 1,839,277	\$ 2,808,272
Short-term investments (Note 3)	4,280,000	3,030,000
Accounts receivable	56,539	30,235
Goods and services tax recoverable	9,929	7,262
Prepaid expenses	47,581	67,487
	<u>6,233,326</u>	<u>5,943,256</u>
Property and equipment (Note 4)	<u>8,816,075</u>	<u>9,272,541</u>
	<u>\$ 15,049,401</u>	<u>\$ 15,215,797</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 228,626	\$ 226,827
Unearned revenue	140,926	101,655
	<u>369,552</u>	<u>328,482</u>
Deferred contributions (Note 6)		
Related to operations	693,586	942,844
Related to property and equipment	8,651,115	8,888,671
	<u>9,714,253</u>	<u>10,159,997</u>
Net Assets		
Invested in property and equipment	164,960	383,870
Internally restricted (Note 10)	3,000,000	2,000,000
Unrestricted	2,170,188	2,671,930
	<u>5,335,148</u>	<u>5,055,800</u>
	<u>\$ 15,049,401</u>	<u>\$ 15,215,797</u>

On behalf of the Board

 Director
 Director

See notes to financial statements

KIDS CANCER CARE FOUNDATION OF ALBERTA
Statement of Operations
For the Year Ended January 31, 2018

	2018	2017
Revenues		
Fundraising		
General	\$ 2,677,879	\$ 2,884,860
Camp and outreach programs	1,198,700	1,076,135
Research	636,102	546,152
Gifts-in-kind (Note 11)	170,605	113,939
Education support and scholarship (Note 5)	71,208	104,348
Hospital programs	21,363	19,354
Camp Kindle rental income	691,816	765,633
Amortization of deferred contributions related to property and equipment (Note 6)	598,059	584,359
Other revenue	59,542	36,896
	<u>6,125,274</u>	<u>6,131,676</u>
Expenses		
Camp and outreach programs (Note 7)	2,153,551	2,041,070
Fundraising	1,419,740	1,400,695
General and administrative	777,587	722,015
Research	552,108	460,000
Public awareness and education	234,973	242,118
Camp Kindle rental operations (Note 8)	226,083	251,890
Gifts-in-kind	170,605	113,939
Education support and scholarship	125,667	112,081
Volunteer program	117,053	111,051
Amortization	41,078	46,715
Hospital programs	27,481	116,251
	<u>5,845,926</u>	<u>5,617,825</u>
Excess of revenues over expenses	<u>\$ 279,348</u>	<u>\$ 513,851</u>

KIDS CANCER CARE FOUNDATION OF ALBERTA
Statement of Changes in Net Assets
For the Year Ended January 31, 2018

	Invested in property and equipment	Internally restricted	Unrestricted	2018	2017
Net assets - beginning of year	\$ 383,870	\$ 2,000,000	\$ 2,671,930	\$ 5,055,800	\$ 4,541,949
Excess of revenues over expenses	(73,518)	-	352,866	279,348	513,851
Acquisition of property and equipment	66,172	-	(66,172)	-	-
Contributions deferred	(211,564)	-	211,564	-	-
Interfund transfer	-	1,000,000	(1,000,000)	-	-
Net assets - end of year	\$ 164,960	\$ 3,000,000	\$ 2,170,188	\$ 5,335,148	\$ 5,055,800

KIDS CANCER CARE FOUNDATION OF ALBERTA
Statement of Cash Flows
For the Year Ended January 31, 2018

	2018	2017
Operating activities		
Excess of revenues over expenses	\$ 279,348	\$ 513,851
Items not affecting cash:		
Amortization	671,577	673,274
Utilization of deferred contributions related to property and equipment	(598,059)	(584,359)
Change in deferred contributions related to operations	(249,258)	(135,628)
	<u>103,608</u>	<u>467,138</u>
Changes in non-cash working capital:		
Accounts receivable	(26,304)	(156)
Accounts payable and accrued liabilities	1,799	125,414
Unearned revenue	39,271	(50,351)
Prepaid expenses	19,906	62,955
Goods and services tax recoverable	(2,667)	155,838
	<u>32,005</u>	<u>293,700</u>
Cash flows from operating activities	<u>135,613</u>	<u>760,838</u>
Investing activities		
Purchase of short-term investments	(4,280,000)	(3,030,000)
Redemption of short-term investments	3,030,000	3,000,000
Purchase of property and equipment	(204,453)	(67,594)
Cash flows used by investing activities	<u>(1,454,453)</u>	<u>(97,594)</u>
Financing activity		
Contributions received for acquisition of property and equipment	<u>349,845</u>	<u>235,500</u>
Increase (decrease) in cash flow	(968,995)	898,744
Cash and cash equivalents - beginning of year	<u>2,808,272</u>	<u>1,909,528</u>
Cash and cash equivalents - end of year	\$ 1,839,277	\$ 2,808,272

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

For the Year Ended January 31, 2018

1. Purpose of organization

Kids Cancer Care Foundation of Alberta (the "Foundation" or "Kids Cancer Care"), is incorporated under the Alberta Societies Act as a not-for-profit organization. As a registered charity under section 149 of the Income Tax Act, the Foundation is not subject to the payment of income taxes.

The vision of the Foundation is to provide a cure for every child and care for every family. Passionately dedicated to helping children and families affected by cancer survive and thrive in body, mind and spirit, the Foundation provides funding and programming in four areas:

Camp and Outreach

Free, year-round programs designed to help young people and their families renew their spirits and rebuild their strength through a range of activities within a healing and caring community. Indoor and outdoor activities include therapeutic, recreational, social, cultural and leadership opportunities for young people in various stages of cancer treatment, and their families.

Research

Kids Cancer Care funds pediatric cancer research in the following areas:

A. Basic and applied research to understand the molecular origins and behaviours of children's cancers to develop life-saving therapies that are less toxic and cause fewer long-term health problems in survivors; and

B. Research in the social sciences to understand the physical, social and psychological impact of childhood cancer on the survivor, the family and the social and health systems in order to develop programs and services to support these families.

Hospital

Kids Cancer Care provides funding for specialized medical equipment, programs and services to support health care professionals in their work, so they can improve the day-to-day care of children and their families at the hospital.

Education Support and Scholarships

The education support program offers a range of programs and services to support children disadvantaged by cancer throughout their primary and secondary school years. An endowed fund administered by The Calgary Foundation, the Kids Cancer Care Derek Wandzura Memorial Scholarship Fund, provides scholarships to childhood cancer survivors in southern Alberta to help them pursue post-secondary education.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as per Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

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KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

For the Year Ended January 31, 2018

2. Summary of significant accounting policies *(continued)*

a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Where such contributions have been made for the purpose of equipment acquisition, the revenue is recognized on the same basis as the related asset is amortized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in money market funds which are highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

c) Property and equipment

Property and equipment are recorded at cost. Amortization is reported using the straight-line method at the following rates:

Computer equipment	3 years
Computer software	2 years
Furniture and equipment	5 years
Leasehold improvements	Term of lease
Aquatic centre	15-20 years
Vehicles	5 years
Building	12-25 years
Challenge course	10 years
Equipment	5 years
Land improvements	15-20 years

d) Contributed goods and services

Contributed goods and services that would otherwise be purchased by the Foundation are recorded at fair value where this value can be reasonably estimated.

Volunteers contribute many hours per year to assist the Foundation in carrying out its programs and fundraising activities. As such services are not normally purchased by the Foundation and due to the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

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KIDS CANCER CARE FOUNDATION OF ALBERTA
Notes to Financial Statements
For the Year Ended January 31, 2018

2. Summary of significant accounting policies (continued)

e) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and cash equivalents, short-term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities

f) Use of estimates

Under Canadian accounting standards for not-for-profit organizations, an important concept in the preparation of financial statements is the use of estimates in the determination of assets, liabilities, revenue, expenses and excess of revenue over expenses for the year. To the extent that these estimates may vary from actual results, there would be a corresponding effect on various elements of the financial statements.

3. Short-term investments

	<u>2018</u>	<u>2017</u>
GIC, with an annual interest rate of 1.25%, maturing February 2018	\$ 1,250,000	\$ -
GIC, with an annual interest rate of 1.49%, maturing April 2018	1,020,000	-
GIC, with an annual interest rate of 1.40%, maturing July 2018	1,000,000	-
GIC with an annual interest rate of 1.60%, maturing August 2018	1,010,000	-
GIC, with an annual interest rate of 1.05%, matured	-	1,000,000
GIC, with an annual interest rate of 0.962%, matured	-	1,010,000
GIC, with an annual interest rate of 1.01%, matured	-	1,020,000
	<u>\$ 4,280,000</u>	<u>\$ 3,030,000</u>

KIDS CANCER CARE FOUNDATION OF ALBERTA
Notes to Financial Statements
For the Year Ended January 31, 2018

4. Property and equipment

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Furniture and equipment	\$ 116,696	\$ 101,458	\$ 15,238	\$ 4,890
Vehicles	9,009	1,802	7,207	-
Computer equipment and software	238,364	214,585	23,779	32,278
Camp Kindle:				
Buildings	9,051,866	2,549,976	6,501,890	6,906,703
Aquatic centre	750,858	204,674	546,184	587,119
Land	695,285	-	695,285	695,285
Challenge course	257,268	203,055	54,213	79,940
Land improvements	1,074,265	215,469	858,796	763,701
Equipment	482,266	392,786	89,480	153,780
Furniture and fixtures	122,225	105,686	16,539	36,452
Vehicles	34,643	27,179	7,464	12,393
	\$ 12,832,745	\$ 4,016,670	\$ 8,816,075	\$ 9,272,541

5. Kids Cancer Care Derek Wandzura Memorial Scholarship Fund

The Kids Cancer Care Derek Wandzura Memorial Scholarship Fund is an endowed fund owned and managed by The Calgary Foundation. The Fund was established on January 31, 2008.

A portion of the fund value is provided to Kids Cancer Care on a yearly basis to grant scholarships to survivors of childhood cancer. The market value of the fund held by The Calgary Foundation as January 31, 2018 is \$580,665 (2017: \$541,216).

KIDS CANCER CARE FOUNDATION OF ALBERTA
Notes to Financial Statements
For the Year Ended January 31, 2018

6. Deferred contributions

Deferred contributions represent unspent resources received in the current and prior periods, but designated by the donor for use in specific programs or future operations as noted below. Changes in the deferred contributions are as follows:

a) Related to operations

2018	Camp and Outreach	Research	Education Support and Scholarships	Total
Balance, beginning of year	\$ -	\$ 931,967	\$ 10,877	\$ 942,844
Amount added during the year:				
Cash	1,198,700	393,113	64,938	1,656,751
Gifts-in-kind	43,682	57,225	-	100,907
	1,242,382	1,382,305	75,815	2,700,502
Amounts utilized during the year:				
Camp and outreach	1,132,235	-	-	1,132,235
Research	-	552,108	-	552,108
Scholarship awards	-	-	28,500	28,500
Transfer to endowment	-	-	23,055	23,055
Education support	-	-	14,880	14,880
Administration	-	-	4,772	4,772
Direct event costs	66,465	83,994	-	150,459
Subtotal	1,198,700	636,102	71,207	1,906,009
Utilizations contributed by gifts-in-kind	43,682	57,225	-	100,907
Balance, end of year	\$ -	\$ 688,978	\$ 4,608	\$ 693,586

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KIDS CANCER CARE FOUNDATION OF ALBERTA
Notes to Financial Statements
For the Year Ended January 31, 2018

6. Deferred contributions (continued)

2017	Camp and Outreach	Research	Education Support and Scholarships	Total
Balance, beginning of year	\$ -	\$ 992,770	\$ 85,702	\$ 1,078,472
Amount added during the year:				
Cash	1,076,135	485,349	29,523	1,591,007
Gifts-in-kind	33,580	46,789	-	80,369
	<u>1,109,715</u>	<u>1,524,908</u>	<u>115,225</u>	<u>2,749,848</u>
Amounts utilized during the year:				
Camp and outreach	1,017,203	-	-	1,017,203
Research	-	460,000	-	460,000
Scholarship awards	-	-	43,279	43,279
Education support	-	-	55,763	55,763
Administration	-	-	5,306	5,306
Direct event costs	58,932	86,152	-	145,084
Subtotal	<u>1,076,135</u>	<u>546,152</u>	<u>104,348</u>	<u>1,726,635</u>
Utilizations contributed by gifts-in-kind	33,580	46,789	-	80,369
Balance, end of year	<u>\$ -</u>	<u>\$ 931,967</u>	<u>\$ 10,877</u>	<u>\$ 942,844</u>

b) Related to property and equipment

Camp Kindle	2018	2017
Balance, beginning of year	<u>\$ 8,888,671</u>	\$ 9,227,530
Additions during the year:		
Cash	349,845	235,500
Gifts-in-kind	10,658	10,000
	<u>9,249,174</u>	<u>9,473,030</u>
Amounts amortized during the year:	<u>598,059</u>	<u>584,359</u>
Balance, end of year	<u>\$ 8,651,115</u>	<u>\$ 8,888,671</u>

7. Camp and Outreach programs

Camp and Outreach programs expenses include amortization expense in the amount of \$630,499 (2017: \$626,559) as related to the assets in use at Camp Kindle.

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

For the Year Ended January 31, 2018

8. Camp Kindle rental operations

Expenses for Camp Kindle rental operations do not include any allocation of fixed costs in respect of the operations of Camp Kindle.

9. Commitments

The Foundation has minimum lease commitments under an office lease that expires March 2019:

2018-2019	\$	84,628
2019-2020		<u>14,105</u>
	\$	<u>98,733</u>

The Foundation has further commitments related to research of \$900,000. The committed amount for both the 2018-2019 and 2019-2020 fiscal years is \$450,000 to support a research chair in the Faculty of Nursing at The University of Calgary and Childhood Cancer research through the Alberta Children's Hospital Foundation.

The Foundation has also committed \$750,000 to The University of Calgary to support the renovations and equipping of the Childhood Cancer Research Program space. The commitment was funded subsequent to year end.

10. Internally restricted reserve

The Foundation has established a combined internally restricted operating and capital reserve of \$3,000,000 (2017: \$2,000,000). The reserve is to provide for cash flow shortages, downturns in the economy and capital asset management. These funds have been designated by the Board of Directors as restricted funds for specific purposes in subsequent periods as described and cannot be spent without board approval.

KIDS CANCER CARE FOUNDATION OF ALBERTA
Notes to Financial Statements
For the Year Ended January 31, 2018

11. Contribution by funding source

Contributions received by major funding source are as follows:

	2018	2017
Capital Campaign	\$ 150,000	\$ 200,000
Foundation fundraising events	1,178,250	1,278,596
Community fundraising events	1,768,669	1,510,475
Other not-for-profit	693,708	527,391
Individual and corporate donations	825,795	1,118,025
Camp Kindle rental operations	691,816	765,633
Government grants	89,417	96,234
Investments and other	59,542	36,896
Total contributions	5,457,197	5,533,250

Total contributions are reconciled to Statement of Operations as follows:

Add:

Gifts-in kind	170,605	113,939
Opening deferred contributions related to:		
Operations (Note 6)	942,844	1,078,472
Property and equipment (Note 6)	8,888,671	9,227,530
Change in deferred contributions:		
Gifts-in-kind for property and equipment	10,658	10,000

Deduct:

Closing deferred contributions related to:		
Operations	(693,586)	(942,844)
Property and equipment	(8,651,115)	(8,888,671)

Revenue reported in Statement of Operations	\$ 6,125,274	\$ 6,131,676
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All expenses incurred for the purpose of soliciting contributions were \$1,419,740 (2017: \$1,400,695).

A total of \$Nil (2017: \$Nil) was paid as remuneration to a fundraising business in the year. The Foundation paid \$733,444 in the year (2017: \$775,326) for remuneration to employees for fundraising activities.

12. Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities, all of which are reported at fair value. Due to their short-term nature, the carrying value of financial instruments approximate their fair value.

Management has determined that the Foundation is not exposed to significant credit, interest rate or market risk.