



Financial Statements

Cancer Assistance Program, City of Hamilton &
District

December 31, 2015

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Independent Auditor's Report

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To the Board of Directors of
Cancer Assistance Program, City of Hamilton & District

We have audited the accompanying financial statements of Cancer Assistance Program, City of Hamilton & District, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and 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 organization'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 organization'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.

Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and special 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 organization and we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenses and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2015 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.

Hamilton, Canada
April 19, 2016

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Cancer Assistance Program, City of Hamilton & District Statements of Operations and Changes in Net Assets

Year ended December 31	2015	2014
<hr/>		
Revenue		
Donations and special events	\$ 378,575	\$ 294,690
Interest and other	35,200	30,739
Gifts in kind	31,808	33,918
Grants (Note 10)	<u>30,000</u>	<u>-</u>
	<u>475,583</u>	<u>359,347</u>
 Expenses		
Salaries and wages	198,760	175,525
Fundraising	129,539	55,532
Patients' services	110,532	89,963
Public relations	52,822	31,826
Occupancy	38,605	30,691
Amortization	31,286	15,388
Administration	29,801	46,585
Gifts in kind (Note 11)	18,503	22,977
Contract service	13,868	-
Professional fees	8,573	9,786
Interest and bank charges	1,866	2,188
Taxes and licenses	<u>1,127</u>	<u>-</u>
	<u>635,282</u>	<u>480,461</u>
 Deficiency of revenue over expenses from operations	 (159,699)	 (121,114)
Net loss from rental property (Note 8)	<u>9,337</u>	<u>5,651</u>
 Deficiency of revenue over expenses	 <u>\$ (169,036)</u>	 <u>\$ (126,765)</u>
<hr/>		
Net assets, beginning of year	\$ 1,490,746	\$ 1,617,511
Deficiency of revenue over expenses	<u>(169,036)</u>	<u>(126,765)</u>
Net assets, end of year	<u>\$ 1,321,710</u>	<u>\$ 1,490,746</u>

Cancer Assistance Program, City of Hamilton & District

Statement of Cash Flows

Year ended December 31	2015	2014
Increase (decrease) in cash		
Operating		
Deficiency of revenue over expenses	\$ (169,036)	\$ (126,765)
Items not affecting cash		
Amortization of property and equipment	31,286	15,388
Amortization of revenue producing property	<u>11,814</u>	<u>-</u>
	(125,936)	(111,377)
Change in non-cash working capital items		
Accounts receivable	(5,267)	4,971
Harmonized sales tax receivable	(9,001)	(6,205)
Prepaid expenses	(1,709)	-
Accounts payable and accrued liabilities	<u>9,256</u>	<u>25,944</u>
	<u>(132,657)</u>	<u>(86,667)</u>
Investing		
Disposal of investments	71,352	282,075
Purchase of property and equipment	(80,196)	(83,807)
Purchase of revenue producing property	<u>-</u>	<u>(295,346)</u>
	<u>(8,844)</u>	<u>(97,078)</u>
Decrease in (bank indebtedness) cash	(141,501)	(183,745)
(Bank indebtedness) cash		
Beginning of year	<u>(90,014)</u>	<u>93,731</u>
End of year	<u>\$ (231,515)</u>	<u>\$ (90,014)</u>
Bank indebtedness consists of:		
Cash	\$ 52,127	\$ 209,412
Bank indebtedness	<u>(283,642)</u>	<u>(299,426)</u>
	<u>\$ (231,515)</u>	<u>\$ (90,014)</u>

Cancer Assistance Program, City of Hamilton & District

Notes to the Financial Statements

December 31, 2015

1. Nature of operations

The Cancer Assistance Program, City of Hamilton & District is a not-for-profit organization operating as a registered charity within the meaning assigned in Section 149 of the Income Tax Act, and as a result, is exempt from income tax. The organization's purpose is to provide services to individuals and families affected by cancer in the Hamilton region.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Revenue recognition

The organization follows the deferral method of accounting for contributions.

Contributions from donations and special events are recognized as revenue when received.

Investment revenue is recognized as earned.

Financial instruments

Measurement

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and liabilities measured at amortized cost include bank indebtedness, accounts receivable, harmonized sales tax receivable and accounts payable and accrued liabilities. Financial assets and liabilities measured at fair value include investments.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the statement of operations. There were no impairment losses recognized in the year.

Cancer Assistance Program, City of Hamilton & District

Notes to the Financial Statements

December 31, 2015

2. Significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of their contribution. Property and equipment are amortized over the estimated useful lives of the related assets at the following rates:

Buildings	4% Declining balance
Furniture and fixtures	20% Declining balance
Computer equipment	55% Declining balance
Computer software	30% Declining balance
Signs	20% Declining balance

The organization regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use. In the year of acquisition, one-half of the applicable rate is applied.

The organization tests for impairment whenever events or changes in circumstances indicate the carrying amount of an item of property and equipment may not be recoverable. The recoverability of long-lived assets is based on the net recoverable amounts determined on an undiscounted cash flows basis. If the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that fair value is below the asset's carrying amount. Fair value is determined based on quoted market prices when available, otherwise on discounted cash flows over the life of the asset. There were no impairment losses recognized in the year.

Revenue producing property

Revenue producing property is recorded at cost less accumulated amortization. Revenue producing property is amortized over the estimated useful lives of the property at 4% Declining balance.

Revenue producing property acquired during the year but not placed into use is not amortized until it is placed into use.

Donated material and services

The organization records the fair value of donated materials and services, determined based on arm's length market values, which they would normally have incurred as operating expenses with the exception of volunteer time.

Donated capital and marketable securities are recorded at their fair value on the date of the donation.

Cancer Assistance Program, City of Hamilton & District Notes to the Financial Statements

December 31, 2015

2. Significant accounting policies (continued)

Management 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 amounts reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. These estimates are reviewed periodically and adjustments are made to income in the year in which they become known.

Items subject to significant management estimates include estimated useful lives of property and equipment.

3. Investments

The organization's investments consist of:

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates	\$ 502,447	\$ 562,904
Mutual funds	<u>272,316</u>	<u>283,275</u>
	<u>\$ 774,763</u>	<u>\$ 846,179</u>

Cancer Assistance Program, City of Hamilton & District

Notes to the Financial Statements

December 31, 2015

4. Property and equipment

			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 95,000	\$ -	\$ 95,000	\$ 95,000
Buildings	376,331	40,806	335,525	329,400
Furniture and fixtures	49,367	13,031	36,336	18,503
Computer equipment	15,969	8,783	7,186	-
Computer software	14,732	2,210	12,522	-
Signs	6,477	995	5,482	238
	<u>\$ 557,876</u>	<u>\$ 65,825</u>	<u>\$ 492,051</u>	<u>\$ 443,141</u>

5. Revenue producing property

			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Revenue producing property	\$ 295,346	\$ 11,814	\$ 283,532	\$ 295,346

6. Credit facilities

The organization's credit facilities include a line of credit in the amount of \$300,000, bearing interest at prime plus 0.50% per annum. As at year end, the amount outstanding on this credit facility is \$284,000 (2014 - \$299,000). In 2014, the credit facility was used for the acquisition of the revenue producing property.

This facility is secured by guaranteed investment certificates held by the organization.

7. Internally restricted

The internally restricted net assets represent amounts restricted by the organization as security over the line of credit and credit cards as well as future capital projects.

	<u>2015</u>	<u>2014</u>
Security over line of credit and credit cards	\$ 305,000	\$ 305,000
Future capital projects	250,000	250,000
	<u>\$ 555,000</u>	<u>\$ 555,000</u>

Cancer Assistance Program, City of Hamilton & District Notes to the Financial Statements

December 31, 2015

8. Rental operations

	<u>2015</u>	<u>2014</u>
Rental income	\$ 16,800	\$ -
Less: rental property expenses	(14,323)	(5,651)
Less: amortization of rental property	<u>(11,814)</u>	<u>-</u>
Net income from rental operations	<u>\$ (9,337)</u>	<u>\$ (5,651)</u>

9. Commitments

The organization has the following annual operating lease commitments with respect to equipment:

2016	\$ 3,000
2017	3,000
2018	3,000
2019	3,000
2020	2,000

10. Grants

	<u>2015</u>	<u>2014</u>
ArcelorMittal Dofasco	\$ 20,000	\$ -
The Clark Family Foundation Fund	5,000	-
Martin Foundation Fund	3,000	-
Malloch Foundation Fund	<u>2,000</u>	<u>-</u>
	<u>\$ 30,000</u>	<u>\$ -</u>

Cancer Assistance Program, City of Hamilton & District

Notes to the Financial Statements

December 31, 2015

11. Gifts in kind

These financial statements include donations in-kind of \$32,000 (2014 - \$34,000) recorded in contributions revenue at their fair value. The offsetting amounts have been recorded in gifts in kind expense and capitalized to equipment for \$19,000 (2014 - \$23,000) and \$13,000 (2014 - \$11,000), respectively.

12. Financial instruments

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposures and concentrations at December 31, 2015:

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. The organization is exposed to price risk through its investments quoted in active markets. There was no significant change in exposure from the prior year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk primarily through its floating interest rate credit facilities. There was no significant change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. There was no significant change in exposure from the prior year.