



Financial Statements

Cancer Assistance Program City of Hamilton &  
District

December 31, 2016

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Statements of Operations and Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11

## Independent Auditor's Report

**Grant Thornton LLP**  
33 Main Street East  
Hamilton, ON  
L8N 4K5

T +1 905 523 7732  
F +1 905 572 9333  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2016, 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, 2016 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 26, 2017

*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	2016	2015
Revenue		
Donations and special events	\$ 524,916	\$ 378,575
Gifts-in-kind (Note 12)	100,175	31,808
Grants (Note 11)	41,950	30,000
Interest and other	20,231	35,200
Legacies and bequests	<u>15,000</u>	<u>-</u>
	<u>702,272</u>	<u>475,583</u>
Expenses		
Salaries and wages	231,525	198,760
Fundraising	124,876	129,539
Clients' services	101,611	110,532
Gifts-in-kind (Note 12)	94,750	18,503
Occupancy	35,933	38,605
Amortization	35,244	31,286
Public relations	27,804	52,822
Administration	18,793	29,801
Professional fees	8,090	8,573
Interest and bank charges	4,820	1,866
Contract service	2,165	13,868
Taxes and licenses	<u>1,467</u>	<u>1,127</u>
	<u>687,078</u>	<u>635,282</u>
Excess (deficiency) of revenue over expenses from operations	15,194	(159,699)
Net loss from rental property (Note 8)	<u>(16,204)</u>	<u>(9,337)</u>
Deficiency of revenue over expenses before establishment of endowment fund	(1,010)	(169,036)
Establishment of endowment fund with Hamilton Community Centre Foundation (Note 9)	<u>25,000</u>	<u>-</u>
Deficiency of revenue over expenses	<u>\$ (26,010)</u>	<u>\$ (169,036)</u>
Net assets, beginning of year	\$ 1,321,710	\$ 1,490,746
Deficiency of revenue over expenses	<u>(26,010)</u>	<u>(169,036)</u>
Net assets, end of year	<u>\$ 1,295,700</u>	<u>\$ 1,321,710</u>

# Cancer Assistance Program City of Hamilton & District Statement of Financial Position

December 31	2016	2015
<b>Assets</b>		
Current		
Cash	\$ 139,960	\$ 52,127
Accounts receivable	28,395	9,464
Harmonized sales tax receivable	14,135	27,256
Prepaid expenses	7,173	1,709
Investments (Note 3)	<u>596,824</u>	<u>774,827</u>
	<b>786,487</b>	865,383
Property and equipment (Note 4)	<b>472,647</b>	492,051
Revenue producing property (Note 5)	<u>272,191</u>	<u>283,532</u>
	<b><u>\$ 1,531,325</u></b>	<b><u>\$ 1,640,966</u></b>
<b>Liabilities</b>		
Current		
Bank indebtedness (Note 6)	\$ 185,496	\$ 283,642
Accounts payable and accrued liabilities	<u>50,129</u>	<u>35,614</u>
	<b><u>235,625</u></b>	<b><u>319,256</u></b>
<b>Net assets</b>		
Unrestricted	<b>740,700</b>	766,710
Internally restricted (Note 7)	<u>555,000</u>	<u>555,000</u>
	<b><u>1,295,700</u></b>	<b><u>1,321,710</u></b>
	<b><u>\$ 1,531,325</u></b>	<b><u>\$ 1,640,966</u></b>

Endowment fund (Note 9)

Commitments (Note 10)

On behalf of the board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Cancer Assistance Program City of Hamilton & District

## Statement of Cash Flows

Year ended December 31	2016	2015
Increase (decrease) in cash (bank indebtedness)		
<b>Operating</b>		
Deficiency of revenue over expenses	\$ (26,010)	\$ (169,036)
Items not affecting cash		
Amortization of property and equipment	35,244	31,286
Amortization of revenue producing property	<u>11,341</u>	<u>11,814</u>
	20,575	(125,936)
Change in non-cash working capital items		
Accounts receivable	(18,931)	(5,267)
Harmonized sales tax receivable	13,121	(9,001)
Prepaid expenses	(5,464)	(1,709)
Accounts payable and accrued liabilities	<u>14,514</u>	<u>9,256</u>
	<u>23,815</u>	<u>(132,657)</u>
<b>Investing</b>		
Disposal of investments	178,003	71,352
Purchase of property and equipment	<u>(15,839)</u>	<u>(80,196)</u>
	<u>162,164</u>	<u>(8,844)</u>
Increase (decrease) in cash (bank indebtedness)	185,979	(141,501)
Bank indebtedness		
Beginning of year	<u>(231,515)</u>	<u>(90,014)</u>
End of year	<u>\$ (45,536)</u>	<u>\$ (231,515)</u>
<b>Bank indebtedness consists of:</b>		
Cash	\$ 139,960	\$ 52,127
Bank indebtedness	<u>(185,496)</u>	<u>(283,642)</u>
	<u>\$ (45,536)</u>	<u>\$ (231,515)</u>

---

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

December 31, 2016

---

## **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, 2016

---

### 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, 2016

---

## 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.

### Trademark

The organization holds a registered trademark with the the Canadian Intellectual Property Office of Industry Canada for its logo and the exclusive use of the acronym CAP. The trademark was obtained for the purpose of delivering the organization's portfolio of practical supports to individuals affected by cancer. No amount has been recognized on the statement of financial position because the costs incurred to obtain the trademark were not significant.

### Internally restricted net assets

The organization has internally restricted net assets which have been designated by the organization as security over the line of credit and credit cards as well as future capital projects.

---

## 3. Investments

The organization's investments consist of:

	<u>2016</u>	<u>2015</u>
Guaranteed investment certificates	\$ 407,896	\$ 502,447
Mutual funds	<u>188,928</u>	<u>272,380</u>
	<u>\$ 596,824</u>	<u>\$ 774,827</u>

# Cancer Assistance Program City of Hamilton & District

## Notes to the Financial Statements

December 31, 2016

### 4. Property and equipment

			<u>2016</u>	<u>2015</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	54,227	322,104	335,525
Furniture and fixtures	62,530	21,342	41,188	36,336
Computer equipment	18,646	17,442	1,204	7,186
Computer software	14,732	5,967	8,765	12,522
Signs	6,477	2,091	4,386	5,482
	<u>\$ 573,716</u>	<u>\$ 101,069</u>	<u>\$ 472,647</u>	<u>\$ 492,051</u>

### 5. Revenue producing property

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Revenue producing property	\$ 295,346	\$ 23,155	\$ 272,191	\$ 283,532

### 6. Credit facilities

The organization's credit facilities include a line of credit of \$300,000, bearing interest at prime plus 0.50% per annum. As at year end, the amount outstanding on this credit facility is \$185,500. (2015 - \$284,000). In 2014, the credit facility was used to finance the acquisition of 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>2016</u>	<u>2015</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, 2016

---

### 8. Rental operations

	<b>2016</b>	2015
Rental income	\$ 14,500	\$ 16,800
Less: rental property expenses	(19,363)	(14,323)
Less: amortization of rental property	(11,341)	(11,814)
Net loss from rental operations	<b>\$ (16,204)</b>	<b>\$ (9,337)</b>

---

### 9. Endowment fund

The endowment fund represents amounts held externally with Hamilton Community Foundation. In 2016 \$25,000 (2015 - \$nil) was transferred from unrestricted funds to the endowment fund.

	<b>2016</b>	2015
Beginning of year	\$ -	\$ -
Add: Contributions to the endowment fund	25,000	-
End of year	<b>\$ 25,000</b>	<b>\$ -</b>

---

### 10. Commitments

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

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

---

### 11. Grants

	<b>2016</b>	2015
ArcelorMittal Dofasco	\$ 20,000	\$ 20,000
J.P. Bickell Foundation	10,000	-
Hamilton Community Foundation:		
The Clark Family Foundation Fund	5,000	5,000
Martin Foundation Fund	3,000	3,000
Malloch Foundation Fund	2,500	2,000
Charles and Florence Martin Foundation	1,200	-
Other private grants	250	-
	<b>\$ 41,950</b>	<b>\$ 30,000</b>

---

# Cancer Assistance Program City of Hamilton & District

## Notes to the Financial Statements

December 31, 2016

---

### 12. Gifts-in-kind

These financial statements include donations in-kind of \$100,000 (2015 - \$32,000) recorded in gift-in-kind revenue at their fair value. The offsetting amounts have been recorded in gifts in kind expense and capitalized to equipment for \$95,000 (2015 - \$19,000) and \$5,000 (2015 - \$13,000), respectively. In 2016, the organization received a one-time donation in-kind of incontinence products valued at \$67,000.

---

### 13. 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, 2016:

#### 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.