Colorectal Cancer Canada
Financial Statements
June 30, 2018

Contents

For the year ended June 30, 2018

Page

Management's Responsibility

To the Members of Colorectal Cancer Canada:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP SENCRL, srl is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

December 14, 2018

Digitally signed by Barry Stein
DN: cn=Barry Stein, o=Colorectal Cancer Canada,
ou=CCC,
email=barrys@colorectalcancercanada.com,
c=CA
Date: 2018.12.21 18:07:54 -05'00'

President

MNP SENCRL srl / LLP

Independent Auditors' Report

To the Members of Colorectal Cancer Canada:

We have audited the accompanying financial statements of Colorectal Cancer Canada, which comprise the statement of financial position as at June 30, 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.

Auditors' 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 auditors' 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, the Association derives most of its revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Colorectal Cancer Canada. Therefore, we were not able to determine whether any adjustments might be necessary to the revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2018, current assets and unrestricted net assets as at June 30, 2018.

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 Colorectal Cancer Canada as at June 30, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Figures

The financial statements of the amalgamating entities (see Note 2) Colon Cancer Canada and Colorectal Cancer Association of Canada were previously audited. The financial statements of Colon Cancer Canada for the six month period ended June 30, 2017 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those financial statements with regard to the completeness of revenues on November 30, 2017. The financial statements of Colorectal Cancer Association of Canada for the twelve months ended June 30, 2017 were audited by MNP.

Montréal, Québec

MNP SENCRL, srl [1]

December 14, 2018

[1] CPA auditor, CA, public accountancy permit No. A108651

Colorectal Cancer Canada
Statement of Financial Position
As at June 30, 2018

	2018	2017 *unaudited (Note 2)*
Assets		
Current		
Cash	**556,315**	553,537
Short-term investments *(Note 3)*	**287,405**	353,636
Accounts receivable *(Note 4)*	**196,305**	158,899
Prepaid expenses	**478,696**	83,217
	1,518,721	1,149,289
Capital assets *(Note 5)*	**19,715**	17,154
	1,538,436	1,166,443
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**325,127**	386,493
Deferred contributions *(Note 8)*	**603,463**	197,262
	928,590	583,755
Net Assets		
Unrestricted net assets	**609,846**	582,688
	1,538,436	1,166,443

Approved on behalf of the Board

Barry Stein

Digitally signed by Barry Stein
DN: cn=Barry Stein, o=Colorectal Cancer Canada, ou=CCC, email=barrys@colorectalcancercanada.com, c=CA
Date: 2018.12.21 18:08:29 -05'00'

Director

Director

Craig Langpap
December 21, 2018

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Operations
For the year ended June 30, 2018

	2018	2017 *unaudited (Note 2)*
Revenues		
Corporate sponsorship	**705,405**	840,992
Fundraising income	**1,280,754**	1,261,174
Donations	**233,400**	198,592
Investment income	**3,828**	15,571
Other	**698**	7,369
	2,224,085	2,323,698
Expenses		
Core program costs	**1,118,825**	969,918
Salaries and wage levies (2017 figures consist of salaries from both amalgamating organizations)	**351,919**	605,352
Consulting fees *(Note 10)*	**273,513**	273,513
Rent	**114,711**	116,659
Office and general	**61,736**	46,405
Bank charges	**57,083**	28,090
Professional fees	**54,923**	74,614
Accounting	**43,520**	33,181
Travel	**39,304**	66,099
Computer software and supplies	**38,266**	27,293
Telephone	**16,603**	22,660
Insurance	**9,530**	13,784
Board development	**6,789**	5,283
Amortization of capital assets	**5,159**	9,641
Staff training, hiring and education	**5,046**	693
Impairment loss on capital assets	**-**	4,192
	2,196,927	2,297,377
Excess of revenues over expenses	**27,158**	26,321

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Changes in Net Assets
For the year ended June 30, 2018

	2018	2017 *unaudited (Note 2)*
Net assets - beginning of year	**582,688**	556,367
Excess of revenues over expenses	**27,158**	26,321
Net assets, end of year	**609,846**	582,688

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Cash Flows
For the year ended June 30, 2018

	2018	2017 *unaudited (Note 2)*
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	**27,158**	26,321
Amortization of capital assets	**5,159**	9,641
Impairment loss on capital assets	**-**	4,192
	32,317	40,154
Changes in working capital accounts		
Accounts receivable	**(37,406)**	(115,588)
Prepaid expenses	**(395,479)**	(75,892)
Accounts payable and accrued liabilities	**(61,366)**	(3,382)
Deferred contributions	**406,201**	100,800
	(55,733)	(53,908)
Investing		
Proceeds on disposal of short term investments	**66,231**	84,202
Purchase of capital assets	**(7,720)**	(5,600)
	58,511	78,602
Increase in cash resources	**2,778**	24,694
Cash resources, beginning of year	**553,537**	528,843
Cash resources, end of year	**556,315**	553,537

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Colorectal Cancer Canada (the "Charity") operates as a registered charity and was formed subsequent to the amalgamation of Colon Cancer Canada and Colorectal Cancer Association of Canada. The Organization has continued under Section 211 of the *Canada Not-For-Profit Corporations Act.*

The mission of the Organization is to support and improve the quality of life of Canadians with colorectal cancer as well as their families and caregivers. The Organization is dedicated to increasing awareness of colorectal cancer, supporting patients and advocating for population-based screening and timely access to effective treatments.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Basis of presentation

On June 30, 2017, the Colorectal Cancer Association of Canada amalgamated with Colon Cancer Canada to form a new Organization called Colorectal Cancer Canada ("The amalgamated organization"). As a result of the Organization's decision to amalgamate, the financial statements as at and for the year ended June 30, 2017 have been combined and prepared in accordance with the terms of the amalgamation agreement whereby all assets and liabilities have been transferred and measured at their carrying amounts. In accordance with the terms of the amalgamation agreement, the amalgamated organization possesses all of the property, rights and privileges and has been subject to all of the liabilities, contracts and debts of the amalgamating organizations. The resulting financial statements herein represent that of the combined operations of Colorectal Cancer Canada, the amalgamated entity using the continuity of interests method. The comparative figures for fiscal 2017 have been restated to reflect operations on a combined basis as if the organization had always been amalgamated.

The continuity of interests method faithfully represents the legal substance of the amalgamation agreement as both organizations agreed to combine operations on the amalgamation date, June 30, 2017, at their carrying amount as reflected in the books and records at that date under ASPNO. The amalgamation was effected to advance cancer care for patients with stronger educational programs, better patient support and increased efforts for equal and timely access to effective treatments to improve patient outcomes.

Management believes that the preparation of these financial statements on the basis of the amalgamation agreement is appropriate and that the results of the presentation is the same as if the financial statements had been prepared on a going concern basis.

The financial positions and results of operations of the combined companies immediately prior to the amalgamation consisted of approximately the following:

	Colorectal Cancer Association of Canada	Colon Cancer Canada
Assets	389,580	776,863
Liabilities	176,042	407,713
Unrestricted net assets	213,538	369,150
Revenue	1,125,884	1,197,814
Expenses	1,111,086	1,186,291
Excess revenue over expenses	14,798	11,523

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

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 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Investment income is recognized as revenue when it is earned.

Pledges are recognized as revenue only when the amount can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Contributions of materials are recognized as both contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials are used in the normal course of the Charity's operations and would otherwise have been purchased.

In the course of its activities, the Organization uses the services of volunteers. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Financial instruments

The Charity recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook Section 3840 *Related Party Transactions* (refer to Note 10).

At initial recognition, the Charity may irrevocably elect to subsequently measure any financial instrument at fair value. The Charity has not made such an election during the year as the Organization does not have any financial assets requiring subsequent measurement at fair value. All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Charity assesses impairment of all of its financial assets measured at cost or amortized cost. The Charity groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Charity determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Charity reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year deficiency of revenues over expenses.

The Charity reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized as the excess of revenues over expenditures in the year the reversal occurs.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. The Organization has no restrictions on its cash and cash equivalents.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rates
Computer equipment	30%
Furniture and fixtures	20%
Telephone system	20%

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Charity determines that a long-lived asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

3. Short-term investments

The short-term investments consist primarily of debentures with ranging interest rates from 2.4% to 10% and varying maturity dates from June 2019 to December 2018.

4. Accounts receivable

	2018	2017
Sponsorships receivable	**33,802**	87,374
Sales taxes receivable	**162,503**	71,525
	196,305	158,899

Included in sponsorships receivable is $33,802 (2017 - $2,000) of pledges receivable.

5. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	**86,610**	**79,917**	**6,693**	9,561
Furniture and fixtures	**34,956**	**31,089**	**3,867**	4,834
Telephone system	**22,339**	**13,184**	**9,155**	2,759
	143,905	**124,190**	**19,715**	17,154

6. Credit facility

The Organization's credit facility arrangement consists of an unutilized demand loan in the amount of $40,000. The loan bears interest at the bank's prime rate plus 2.10% per annum, is secured by the assets of the Organization and is reviewed on an annual basis.

7. Accounts payable and accrued liabilities

	2018	2017
Accounts payable and accrued liabilities	**310,634**	376,300
Payroll taxes payable	**14,493**	10,193
	325,127	386,493

8. Deferred contributions

Deferred contributions consist of unspent contributions externally restricted for various programs. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

Changes in the deferred contributions balance are as follows:

	2018	2017
Balance, beginning of year	**197,262**	96,462
Amounts received during the year:		
Kick Ass Golf Tournament	**480,900**	84,060
Various other programs	**73,363**	113,202
Less: Amounts recognized as revenue during the year	**(148,062)**	(96,462)
Balance, end of year	**603,463**	197,262

9. Commitments

The Charity has entered into various lease agreements ending October 2022 and March 2023, respectively, and with minimum annual payments as follows:

2019	106,229
2020	107,750
2021	108,577
2022	110,099
2023	68,325
	500,980

10. Related party transactions

During the year, the Organization paid consulting fees of approximately $274,000 (2017 - $274,000) to a director. This transaction is measured at the exchange amount which is the amount established and agreed to by the related parties.

11. Financial instruments

The Charity, as part of its operations, carries a number of financial instruments. It is management's opinion that the Charity is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.