Colorectal Cancer Canada
Financial Statements
June 30, 2019

Contents

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.

November 14, 2019

President

Independent Auditors' Report

To the Members of Colorectal Cancer Canada:

Qualified Opinion
We have audited the financial statements of Colorectal Cancer Association (the "Organization"), which comprise the statement of financial position as at June 30, 2019, the statements of operations, changes in net assets, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Organization as at June 30, 2019 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
In common with many charitable organizations, the Organization 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, 2019, current assets and unrestricted net assets as at June 30, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Organization 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 opinion.

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 private enterprises 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Organization'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 entity'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 Organization 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.

Montréal, Québec

MNP SENCRL, srl[1]

November 14, 2019

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

Colorectal Cancer Canada
Statement of Financial Position
As at June 30, 2019

	2019	2018
Assets		
Current		
Cash	**575,856**	556,315
Short term investments *(Note 3)*	**302,863**	287,405
Accounts receivable *(Note 4)*	**74,345**	196,305
Prepaid expenses	**412,491**	478,696
	1,365,555	1,518,721
Capital assets *(Note 5)*	**34,420**	19,715
	1,399,975	1,538,436
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**271,706**	325,127
Deferred contributions *(Note 8)*	**490,094**	603,463
	761,800	928,590
Net Assets		
Unrestricted net assets	**638,175**	609,846
	1,399,975	1,538,436

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Operations
For the year ended June 30, 2019

	2019	*2018*
Revenues		
Corporate sponsorship	**955,362**	705,405
Fundraising income	**1,214,444**	1,280,754
Donations	**146,026**	233,400
Investment income	**7,480**	3,828
Other	**14,525**	698
	2,337,837	2,224,085
Expenses		
Core program costs	**1,073,883**	1,118,825
Salaries and wage levies	**467,226**	351,919
Consulting fees *(Note 10)*	**273,513**	273,513
Rent	**120,755**	114,711
Bank charges	**81,908**	57,083
Office and general	**59,882**	61,736
Travel	**53,126**	39,304
Accounting	**50,503**	43,520
Professional fees	**33,916**	54,923
Computer software and supplies	**29,285**	38,266
Board development	**23,999**	6,789
Telephone	**16,555**	16,603
Insurance	**9,748**	9,530
Amortization of capital assets	**7,913**	5,159
Staff training, hiring and education	**7,296**	5,046
	2,309,508	2,196,927
Excess of revenues over expenses	**28,329**	27,158

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, 2019

	2019	*2018*
Net assets - beginning of year	**609,846**	582,688
Excess of revenues over expenses	**28,329**	27,158
Net assets, end of year	**638,175**	609,846

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Cash Flows
For the year ended June 30, 2019

	2019	*2018*
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	**28,329**	27,158
Amortization of capital assets	**7,913**	5,159
Unrealized gain on short term investments on fair value adjustment	**(8,272)**	-
	27,970	32,317
Changes in working capital accounts		
Accounts receivable	**121,960**	(37,406)
Prepaid expenses	**66,205**	(395,479)
Accounts payable and accrued liabilities	**(53,421)**	(61,366)
Deferred contributions	**(113,369)**	406,201
	49,345	(55,733)
Investing		
Proceeds on disposal of short term investments	**-**	66,231
Purchase of capital assets	**(22,618)**	(7,720)
Increase in short term investments	**(7,186)**	-
	(29,804)	58,511
Increase in cash resources	**19,541**	2,778
Cash resources, beginning of year	**556,315**	553,537
Cash resources, end of year	**575,856**	556,315

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Colorectal Cancer Canada (the "Organization") operates as a registered charity and 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:

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 Organization'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 Organization 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 Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has made such an election during the year. The Organization has financial assets requiring subsequent measurement at fair value.

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 Organization assesses impairment of all of its financial assets measured at cost or amortized cost. The Organization 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 Organization 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 Organization 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 Organization 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 Organization 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 interest rates ranging from 2% to 10% and maturity dates varying from July 2019 to December 2108.

4. Accounts receivable

	2019	2018
Sponsorships receivable	4,608	33,802
Sales taxes receivable	69,737	162,503
	74,345	196,305

Included in sponsorships receivable is $NIL (2018 - $33,802) of pledges receivable.

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	107,384	85,042	22,342	6,693
Furniture and fixtures	36,800	32,046	4,754	3,867
Telephone system	22,339	15,015	7,324	9,155
	166,523	132,103	34,420	19,715

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

	2019	2018
Accounts payable and accrued liabilities	256,362	310,634
Payroll taxes payable	15,344	14,493
	271,706	325,127

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:

	2019	2018
Balance, beginning of year	603,463	197,262
Kick Ass Golf Tournament	433,494	480,900
Various other programs	17,400	73,363
Less: Amounts recognized as revenue during the year	(564,263)	(148,062)
Balance, end of year	490,094	603,463

9. Commitments

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

2020	107,750
2021	108,577
2022	110,099
2022	68,325
	394,751

10. Related party transactions

During the year, the Organization paid consulting fees of approximately $274,000 (2018 - $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 Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

As at June 30, 2019, one donor accounted for 17% (2018 - one donor, 7%) of revenues.