

Colorectal Cancer Canada

Financial Statements

June 30, 2021

Crowe BGK S.E.N.C.R.L. | LLP

Société de comptables professionnels agréés
Partnership of Chartered Professional Accountants

Colorectal Cancer Canada

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Contents

Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15

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Société de comptables professionnels agréés
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Independent Auditor's Report

To the Members of
Colorectal Cancer Canada

Qualified Opinion

We have audited the financial statements of Colorectal Cancer Canada (the Organization), which comprise the statement of financial position as at June 30, 2021, and the statements of operations, changes in net assets and 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, 2021, and its financial performance and its cash flows for the year then ended 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 the Organization. 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, 2021, current assets and unrestricted net assets as at June 30, 2021. The predecessor auditor's opinion on the financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 audit opinion.

Other Matter

The financial statements of the Organization for the year ended June 30, 2020 were audited by another auditor who expressed a qualified opinion on those financial statements on November 19, 2020 for reasons described in the Basis for Qualified Opinion section.

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 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.

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 Organization'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.

*Crowe BGK LLP.**

Chartered Professional Accountants

Montréal (Québec)

November 11, 2021

* CPA auditor, CA, public accountancy permit No. A116152

Colorectal Cancer Canada

Statement of Financial Position As at June 30, 2021

	2021 \$	2020 \$
Assets		
Current		
Cash and cash equivalents (note 3)	823,735	472,722
Short-term investments (note 4)	313,982	316,359
Accounts receivable (note 5)	98,284	51,371
Prepaid expenses	37,515	21,640
	1,273,516	862,092
Capital assets (note 6)	42,831	50,437
	1,316,347	912,529
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	212,351	209,659
Deferred contributions (note 8)	344,841	48,370
	557,192	258,029
Long-term debt (note 9)	40,000	40,000
	597,192	298,029
Net assets		
Unrestricted net assets	719,155	614,500
	1,316,347	912,529
Commitments (note 10)		

Approved on behalf of the Board:

Barry Stein, Director

Gary Sears, Director

See accompanying notes.

Colorectal Cancer Canada

Statement of Changes in Net Assets For the Year Ended June 30, 2021

	2021 \$	2020 \$
Capital, beginning of year	614,500	638,175
Excess (deficiency) of revenues over expenses	104,655	(23,675)
Capital, end of year	719,155	614,500

See accompanying notes.

Colorectal Cancer Canada

Statement of Operations For the Year Ended June 30, 2021

	2021 \$	2020 \$
Revenue		
Corporate	942,168	827,774
Fundraising events	66,097	730,697
Donations	244,403	170,870
Grant revenue (note 9)	20,000	-
Investment income	4,923	6,526
Other (loss)	(4,115)	13,790
	1,273,476	1,749,657
Expenses		
Core program costs	241,676	711,501
Salaries and wage levies (note 13)	398,576	408,921
Consulting fees (note 11)	273,513	273,513
Rent (note 13)	80,108	123,112
Bank charges	20,672	35,819
Office and general	26,116	44,788
Travel	150	37,468
Accounting	43,952	45,297
Professional fees	24,268	28,165
Computer software and supplies	21,956	21,627
Telephone	10,918	13,244
Insurance	8,478	9,113
Amortization of capital assets	18,134	16,646
Staff training, hiring and education	304	4,118
	1,168,821	1,773,332
Excess (deficiency) of revenues over expenses	104,655	(23,675)

See accompanying notes.

Colorectal Cancer Canada

Statement of Cash Flows For the Year Ended June 30, 2021

	2021 \$	2020 \$
Operating activities		
Excess (deficiency) of revenues over expenses	104,655	(23,675)
Non-cash items:		
Amortization of capital assets	18,134	16,646
Forgiveable loan (note 9)	(20,000)	-
Unrealized loss (gain) on short term investments on fair value adjustment	7,048	(11,923)
Loss (gain) on disposal of short term investments	(261)	4,734
	109,576	(14,218)
Net change in non-cash items related to operating activities:		
Accounts receivable	(46,913)	22,974
Prepaid expenses	(15,875)	390,851
Accounts payable and accrued liabilities	2,692	(62,047)
Deferred contributions	296,471	(441,724)
	345,951	(104,164)
Investing activities		
Acquisition of capital assets	(10,528)	(32,663)
Net change in short-term investments	(4,410)	(6,307)
	(14,938)	(38,970)
Financing activity		
Increase in long-term debt	20,000	40,000
Increase (decrease) in cash and cash equivalents	351,013	(103,134)
Cash and cash equivalents, beginning of year	472,722	575,856
Cash and cash equivalents, end of year	823,735	472,722

See accompanying notes.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

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 and is not subject to income tax.

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:

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. Endowment contributions are recognized as direct increases in net assets.

Investment income is recognized as revenue when it is earned on an accrual basis.

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.

Cash and cash equivalents:

Cash and cash equivalents include balances with banks and short-term investments which are not held for investment purposes and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. The Organization has no restrictions on its cash and cash equivalents.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

2. Significant accounting policies (continued)

Capital assets:

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the following methods and rates:

	Methods	Rates
Computer equipment	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Telephone system	Declining balance	20%
Leasehold improvements	Straight-line	5 years

Impairment of long-lived assets:

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Use of estimates:

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. The main estimates relate to the provision for doubtful accounts, the useful life of capital assets, accrued liabilities and deferred contributions.

Financial instruments:

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. The Organization elected to subsequently measure its short-term investments at fair value. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at cost or amortized cost include cash and cash equivalents and accounts receivable.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

2. Significant accounting policies (continued)

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include short-term investments.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Deferred contributions:

Deferred contributions represent the unrecognized balance of revenues paid in advance. This payment is recognized to revenue as per the terms of the agreement.

Government assistance:

Government assistance, which mainly includes the Canadian Employee Wage Subsidy (CEWS) and Canadian Emergency Rent Subsidy (CERS), are recognized when there is reasonable assurance that it will be received and all related conditions will be complied with. When the government assistance relates to an expense item, it is recognized as a reduction of expense over the period necessary to match the government assistance on a systematic basis to the costs that it is intended to subsidize.

Forgivable loans guaranteed by government organizations are treated as grant revenue when there is reasonable assurance that the entity has complied and will continue to comply with all the conditions for the forgiveness of the loan.

3. 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 1.55% per annum, is secured by the assets of the Organization and is reviewed on an annual basis.

4. Short-term investments

The short-term investments consist primarily of marketable securities which include mutual funds and fixed income debentures with interest rates ranging from 2.90% to 6.98% and maturity dates varying from January 2022 to December 2043.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

5. Accounts receivable

	2021 \$	2020 \$
Sponsorships receivable	1,865	5,609
Sales taxes receivable	24,806	29,618
Government assistance receivable	71,613	16,144
	98,284	51,371

6. Capital assets

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Computer equipment	122,406	99,835	22,571	19,460
Furniture and fixtures	40,746	34,862	5,884	7,354
Telephone system	22,339	17,652	4,687	5,859
Leasehold improvements	24,223	14,534	9,689	17,764
	209,714	166,883	42,831	50,437

7. Accounts payable and accrued liabilities

	2021 \$	2020 \$
Accounts payable and accrued liabilities	199,560	195,835
Payroll taxes payable	12,791	13,824
	212,351	209,659

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

8. Deferred contributions

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

Changes in the deferred contributions balance are as follows:

	2021 \$	2020 \$
Balance, beginning of year	48,370	490,094
Amount received during the year:	326,762	21,690
Less: Amounts recognized as revenue during the year	(30,291)	(463,414)
Balance, end of year	344,841	48,370

9. Long-term debt

	2021 \$	2020 \$
Canada Emergency Business Account (CEBA):		
Unsecured loan, non-interest bearing until December 31, 2022. Principal repayments can be made at any time without fees or penalties.	40,000	40,000

The CEBA program, which is guaranteed by the Federal government, provides interest-free loans of up to \$60,000 to help cover their operating costs during a period where revenues have been temporarily reduced as a result of the COVID-19 pandemic. If \$40,000 of the loan is repaid by December 31, 2022, \$20,000 of the loan will be forgiven. If the loan is not repaid in full by December 31, 2022 the remaining balance will be converted to a 3-year term loan, bearing interest at 5%, payable in monthly instalments effective January 1, 2023 with payment in full due by December 31, 2025.

During the period ending June 30, 2020, the Organization received \$40,000 as part of the CEBA program. During the current period, the Organization applied for an additional \$20,000 and expects to repay 75% of the loan in full by December 31, 2022. \$20,000 will be forgiven if the loan is repaid by December 31, 2022. The Organization recognized \$20,000 in income for the year ending June 30, 2021.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

9. Long-term debt (continued)

Long-term debt principal over the next two years are the following:

	\$
2022	-
2023	40,000
	<hr/> 40,000

10. Commitments

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

	\$
2022	45,770
2023	28,517
	<hr/> 74,287

11. Related party transactions

During the year, the Organization paid consulting fees of approximately \$254,000 (2020 - \$254,000) to a director. This transaction is measured at the exchange amount which is the amount established and agreed to by the related parties.

12. Financial instruments

Risks and concentrations:

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations as at June 30, 2021:

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

12. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. The Organization manages this risk by monitoring its operating requirements. The Organization prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Organization by failing to discharge an obligation. The Organization's credit risk is mainly related to accounts receivable.

The Organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value. The Organization has a significant exposure outlined below:

As at June 30, 2021, one donor accounted for 11% of revenues (2020 - one donor, 8%).

Market risk

Market risk is the risk that the fair value or future cash flows of the Organization's financial instruments will fluctuate because of changes in market prices. Some of the Organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk. The Organization is mainly exposed to other price risk.

Other price risk

The Organization is exposed to other price risk through its short-term investments for which the value fluctuates with the quoted market price.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2021

13. Government assistance

On September 27, 2020, the Canadian government launched the Canada Emergency Rent Subsidy (the "CERS"), an emergency economic relief program to lessen the financial fallout on Canadian not-for-profit organizations from the effects of COVID-19.

During the year, the Organization recorded government subsidies received under the Canada Emergency Rent Subsidy program (CERS) in the amount of \$39,991 which have been applied as a reduction to rent.

During the year, the Organization recorded government subsidies received under the Canada Emergency Wages Subsidy program (CEWS) in the amount of \$107,173 which have been applied as a reduction to salaries and wage levies.

Subsequent to year-end, the Organization has continued to access the CEWS and CERS and has recorded an amount of \$19,203 and \$5,315 respectively. Subject to meeting the eligibility criteria, the Organization will continue to apply for the subsidies.

14. Covid-19

COVID-19 has created unprecedented uncertainty in the global economy. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any current and future interventions or actions taken by management. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Organization and its operations in future periods