Colorectal Cancer Canada
Financial Statements
June 30, 2020

Contents

For the year ended June 30, 2020

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 19, 2020

President

MNP SENCRL srl / LLP

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, 2020, 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, 2020 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, 2020, current assets and unrestricted net assets as at June 30, 2020.

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.

MNP SENCRL, srl[1]

Montréal, Québec

November 19, 2020

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

Colorectal Cancer Canada
Statement of Financial Position
As at June 30, 2020

	2020	*2019*
Assets		
Current		
Cash	**472,722**	575,856
Short term investments *(Note 3)*	**316,359**	302,863
Receivables *(Note 4)*	**51,371**	74,345
Prepaid expenses	**21,640**	412,491
	862,092	1,365,555
Capital assets *(Note 5)*	**50,437**	34,420
	912,529	1,399,975
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**209,659**	271,706
Deferred contributions *(Note 8)*	**48,370**	490,094
	258,029	761,800
Bank loan *(Note 9)*	**40,000**	-
	298,029	761,800
Net Assets		
Unrestricted net assets	**614,500**	638,175
	912,529	1,399,975

Approved on behalf of the Board

Garry Sears

Director

Barry Stein

Director

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Operations
For the year ended June 30, 2020

	2020	*2019*
Revenues		
Corporate	**827,774**	954,862
Fundraising events	**730,697**	1,185,830
Donations	**170,870**	175,140
Investment income	**6,526**	7,480
Other	**13,790**	14,525
	1,749,657	2,337,837
Expenses		
Core program costs	**711,501**	1,073,883
Salaries and wage levies *(Note 13)*	**408,921**	467,226
Consulting fees *(Note 11)*	**273,513**	273,513
Rent	**123,112**	120,755
Bank charges	**35,819**	81,908
Office and general	**44,788**	59,882
Travel	**37,468**	53,126
Accounting	**45,297**	50,503
Professional fees	**28,165**	33,916
Computer software and supplies	**21,627**	29,285
Board development	**-**	23,999
Telephone	**13,244**	16,555
Insurance	**9,113**	9,748
Amortization of capital assets	**16,646**	7,913
Staff training, hiring and education	**4,118**	7,296
	1,773,332	2,309,508
(Deficiency) excess of revenues over expenses	**(23,675)**	28,329

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, 2020

	2020	*2019*
Net assets - beginning of year	**638,175**	609,846
(Deficiency) excess of revenues over expenses	**(23,675)**	28,329
Net assets, end of year	**614,500**	638,175

The accompanying notes are an integral part of these financial statements

Colorectal Cancer Canada
Statement of Cash Flows
For the year ended June 30, 2020

	2020	*2019*
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenues over expenses	**(23,675)**	28,329
Amortization of capital assets	**16,646**	7,913
Unrealized gain on short term investments on fair value adjustment	**(11,923)**	(8,272)
Loss on disposal of short term investments	**4,734**	-
	(14,218)	27,970
Changes in working capital accounts		
Receivables	**22,974**	121,960
Prepaid expenses	**390,851**	66,205
Accounts payable and accrued liabilities	**(62,047)**	(53,421)
Deferred contributions	**(441,724)**	(113,369)
	(104,164)	49,345
Financing		
Increase in bank loan	**40,000**	-
Investing		
Net change in short term investments	**(6,307)**	(7,186)
Additions to capital assets	**(32,663)**	(22,618)
	(38,970)	(29,804)
Increase (decrease) in cash resources	**(103,134)**	19,541
Cash resources, beginning of year	**575,856**	556,315
Cash resources, end of year	**472,722**	575,856

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.

Receivables 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 11).

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 elected to account for its portfolio of short term investments 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 at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	***Rates***
Computer equipment	declining balance	30%
Furniture and fixtures	declining balance	20%
Telephone system	declining balance	20%
Leasehold improvements	straight-line	5 years

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.

Government assistance

The Organization is entitled to government subsidies received under the Canada Emergency Wages Subsidy program (CEWS) which are based on support for eligible remuneration paid during Covid-19. These subsidies have been recorded as a reduction of the related expense.

3. Short term investments

The short term investments consist primarily of debentures with interest rates ranging from 2.42% to 6.98% and maturity dates varying from September 2020 to December 2043.

4. Receivables

	2020	*2019*
Sponsorships receivable	**5,609**	4,608
Sales taxes receivable	**29,618**	69,737
Government assistance receivable	**16,144**	-
	51,371	74,345

5. Capital assets

	Cost	**Accumulated amortization**	**2020 Net book value**	*2019 Net book value*
Computer equipment	**111,878**	**92,418**	**19,460**	22,342
Furniture and fixtures	**40,746**	**33,392**	**7,354**	4,754
Telephone system	**22,339**	**16,480**	**5,859**	7,324
Leasehold improvements	**24,223**	**6,459**	**17,764**	-
	199,186	**148,749**	**50,437**	34,420

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

	2020	*2019*
Accounts payable and accrued liabilities	**195,835**	256,362
Payroll taxes payable	**13,824**	15,344
	209,659	271,706

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:

	2020	*2019*
Balance, beginning of year	**490,094**	603,463
Amount received during the year:	**21,690**	450,894
Less: Amounts recognized as revenue during the year	**(463,414)**	(564,263)
Balance, end of year	**48,370**	490,094

9. Bank loan

The Canada Emergency Business Account loan is an unsecured, non-interest bearing government-backed loan to a maximum of $40,000 that is partially forgivable (25 percent) if repaid by December 31, 2022. As of January 1, 2021, the outstanding balance of the loan will automatically convert to a 5 year non-revolving term loan. Commencing January 1, 2023, the loan will start to bear interest at a rate of 5% per annum, interest payable on a monthly basis with the entire loan due by December 31, 2025.

10. Commitments

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

2021	108,577
2022	110,099
2023	68,325
	287,001

11. Related party transactions

During the year, the Organization paid consulting fees of approximately $274,000 (2019 - $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.

12. 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, 2020, one donor accounted for 8% (2019 - one donor, 17%) of revenues.

13. Government assistance

During the year, the Organization recorded government subsidies received under the Canada Emergency Wages Subsidy program (CEWS) in the amount of $87,106 which have been applied as a reduction to salaries and wage levies.

14. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Organization has experienced reduced pledges and has had to cancel various fundraising events and we anticipate this outbreak will continue to cause a reduction in pledges and increased government regulations, all of which may negatively impact the Organization's business and financial condition.

15. Comparative figures

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