

Colorectal Cancer Canada

Financial Statements
June 30, 2023

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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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, 2023, and the statements of operations and 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, 2023, 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, 2023, current assets and unrestricted net assets as at June 30, 2023. Our audit opinion on the financial statements for the year ended June 30, 2022 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.

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 9, 2023

* By CPA auditor, public accountancy permit No. A116152

Colorectal Cancer Canada

Statement of Financial Position As at June 30, 2023

	2023	2022
	\$	\$
Assets		
Current		
Cash and cash equivalents (note 3)	502,160	929,370
Marketable securities (note 4)	1,071,359	302,467
Accounts receivable (note 5)	83,658	39,989
Prepaid expenses	49,504	33,314
	1,706,681	1,305,140
Capital assets (note 6)	35,905	27,834
	1,742,586	1,332,974
Liabilities		
Current		
Accounts payable and accrued liabilities (note 7)	180,532	222,146
Deferred contributions (note 8)	348,094	324,270
Current portion of long-term debt (note 9)	40,000	-
	568,626	546,416
Long-term debt (note 9)	-	40,000
	568,626	586,416
Net assets		
Unrestricted net assets	1,173,960	746,558
	1,742,586	1,332,974
Commitments (note 10)		

Approved on behalf of the Board:

X Barry Stein, Director

See accompanying notes.

Colorectal Cancer Canada

Statement of Operations and Changes in Net Assets For the Year Ended June 30, 2023

	2023	2022
	\$	\$
Revenue		
Corporate	1,169,442	1,121,859
Donations	871,087	214,418
Fundraising events	301,182	378,711
Investment income	20,413	6,551
Other (loss)	24,511	(1,761)
	2,386,635	1,719,778
Expenses		
Salaries and wage levies (note 13)	740,424	605,310
Core program costs	557,465	462,407
Consulting fees (note 11)	317,117	300,870
Rent (note 13)	85,890	116,824
Office and general	43,071	30,668
Accounting	53,789	48,457
Travel	45,299	2,353
Professional fees	29,774	26,242
Bank charges	28,393	34,115
Computer software and supplies	22,879	21,820
Telephone	11,375	12,605
Amortization of capital assets	11,061	17,306
Insurance	10,837	9,158
Staff training, hiring and education	1,859	4,240
	1,959,233	1,692,375
Excess of revenues over expenses	427,402	27,403
Net assets, beginning of year	746,558	719,155
Net assets, end of year	1,173,960	746,558

See accompanying notes.

Colorectal Cancer Canada

Statement of Cash Flows For the Year Ended June 30, 2023

	2023 \$	2022 \$
Operating activities		
Excess of revenues over expenses	427,402	27,403
Non-cash items:		
Amortization of capital assets	11,061	17,306
Unrealized loss (gain) on marketable securities on fair value adjustment	(17,231)	16,519
Loss on disposal of marketable securities	2,600	209
	423,832	61,437
Net change in non-cash items related to operating activities:		
Accounts receivable	(43,669)	58,295
Prepaid expenses	(16,190)	4,201
Accounts payable and accrued liabilities	(41,614)	9,795
Deferred contributions	23,824	(20,571)
	346,183	113,157
Investing activities		
Acquisition of capital assets	(19,132)	(2,309)
Net change in marketable securities	(754,261)	(5,213)
	(773,393)	(7,522)
Increase (decrease) in cash and cash equivalents	(427,210)	105,635
Cash and cash equivalents, beginning of year	929,370	823,735
Cash and cash equivalents, end of year	502,160	929,370

See accompanying notes.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2023

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, 2023

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:

Initial measurement

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Organization is in the capacity of management, are initially measured at cost, with the exception of investments in equity instruments quoted in an active market, which are measured at fair value.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of a financial asset or liability in a related party transaction that has repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, its cost is determined using the consideration transferred or received by the Organization in the transaction.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2023

2. Significant accounting policies (continued)

Subsequent measurement

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. 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.

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 marketable securities.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, 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. If the indicators of impairment have decreased or no longer exist, the 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.

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.

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2023

4. Marketable securities

The marketable securities consist primarily of investments in equities, mutual funds and fixed income debentures with interest rates ranging from 2.46% to 6.98% and maturity dates varying from October 2023 to December 2043.

5. Accounts receivable

	2023	2022
	\$	\$
Trade	38,669	-
Sales taxes receivable	44,989	31,052
Government assistance receivable	-	8,937
	83,658	39,989

6. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Computer equipment	129,344	113,257	16,087	17,762
Furniture and fixtures	48,998	37,806	11,192	4,707
Telephone system	22,339	19,339	3,000	3,750
Leasehold improvements	30,474	24,848	5,626	1,615
	231,155	195,250	35,905	27,834

7. Accounts payable and accrued liabilities

	2023	2022
	\$	\$
Accounts payable and accrued liabilities	175,663	220,385
Payroll taxes payable	4,869	1,761
	180,532	222,146

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2023

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:

	2023 \$	2022 \$
Balance, beginning of year	324,270	344,841
Amount received during the year:	333,094	214,500
Less: Amounts recognized as revenue during the year	(342,270)	(235,071)
Balance, end of year	348,094	324,270

9. Long-term debt

	2023 \$	2022 \$
Canada Emergency Business Account (CEBA):		
Unsecured loan, non-interest bearing until December 31, 2023. Principal repayments can be made at any time without fees or penalties.	40,000	40,000
Current portion of long-term debt	40,000	-
	-	40,000

The CEBA program, which is guaranteed by the Federal government, provides interest-free loans to help cover their operating costs during a period where revenues have been temporarily reduced as a result of the COVID-19 pandemic. If 67% of the initial loan is repaid by January 18, 2024, 33% of the loan will be forgiven. If the loan is not repaid in full by January 18, 2024 the remaining balance will be converted to a 2-year term loan, bearing interest at 5% per annum effective January 19, 2024 with payment in full due by December 31, 2026.

Long-term debt principal repayments over the next year are the following:

	\$
2024	40,000

Colorectal Cancer Canada

Notes to Financial Statements June 30, 2023

10. Commitments

The Organization has entered into various lease agreements for their premises ending May 2028 and with minimum annual payments as follows:

	\$
2024	27,200
2025	27,342
2026	28,900
2027	28,900
2028	26,491
	<hr/> 138,833 <hr/>

11. Related party transactions

During the year, the Organization paid consulting fees of approximately \$295,000 (2022 - \$280,000) 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

Financial risks

The significant risks arising from financial instruments to which the Organization is exposed as at June 30, 2023 are detailed below.

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, 2023, one donor accounted for 22% of revenues (2022 - one donor, 14%).

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12. Financial instruments (continued)

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 marketable securities investments for which the value fluctuates with the quoted market price.

13. Government assistance

The Canada Emergency Wage Subsidy (the "CEWS") was enacted on April 11, 2020 and is a key measure in the Government of Canada's COVID-19 Economic Response Plan. The CEWS is designed to provide financial assistance to not-for-profit organizations experiencing a specified level of reduced revenue in order to support these employers in retaining or hiring employees. The subsidy reimburses a certain percentage (depending on the relevant filing period) of an employee's wages to an eligible employer during the current program period that ended October 23, 2021. There are no unfulfilled conditions attached to the subsidies recognized in income.

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. The subsidy reimburses a certain percentage (depending on the relevant filing period) of rent expense to an eligible organization during the current program period that ended October 23, 2021. There are no unfulfilled conditions attached to the subsidies recognized in income.

During the year, the Organization recorded government subsidies received under the Canada Emergency Rent Subsidy program (CERS) in the amount of \$Nil (2022 - \$7,378) 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 \$Nil (2022 - \$39,729) which have been applied as a reduction to salaries and wage levies.