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# Financial statements of Ovarian Cancer Canada

March 31, 2018

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## Independent Auditor's Report

To the Board of Directors of  
Ovarian Cancer Canada

We have audited the accompanying financial statements of Ovarian Cancer Canada which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in fund balances 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.

### Auditor's 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 not-for-profit organizations, Ovarian Cancer Canada derives the majority of its revenues from the general public in the form of donations and events revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Ovarian Cancer Canada, and we were not able to determine whether any adjustments might be necessary to donations and events revenue, excess (deficiency) of revenues over expenses, and cash flow from operations for the years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31, 2017 and fund balances as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

**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 Ovarian Cancer Canada as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants  
Licensed Public Accountants  
June 18, 2018

**Ovarian Cancer Canada**  
**Statement of financial position**  
As at March 31, 2018

	Notes	2018	2017
		\$	\$
<b>Assets</b>			
Current assets			
Cash		193,775	159,787
Investments	3	1,083,247	1,712,008
Accounts receivable		81,076	176,953
Prepaid expenses		98,064	30,649
		<b>1,456,162</b>	<b>2,079,397</b>
Capital assets			
Other long-term asset	4	123,814	1,631
	5	7,096	4,861
		<b>1,587,072</b>	<b>2,085,889</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	12	168,189	222,120
Deferred grants and donations	6	189,349	348,631
		<b>357,538</b>	<b>570,751</b>
<b>Fund balances</b>			
General		1,105,720	1,513,507
Invested in capital assets		123,814	1,631
		<b>1,229,534</b>	<b>1,515,138</b>
		<b>1,587,072</b>	<b>2,085,889</b>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of Board

 Director

 Director

**Ovarian Cancer Canada**  
**Statement of operations**  
Year ended March 31, 2018

	Notes	2018	2017
		\$	\$
<b>Revenue</b>			
Foundation grant		100,843	68,560
Donations			
Individuals		419,274	452,552
Corporate		240,337	547,811
Bequests		100,000	190,176
Events		2,795,097	2,997,466
Other		130,415	228,904
Investment income	7	20,069	11,197
		<b>3,806,035</b>	<b>4,496,666</b>
<b>Expenses</b>			
Administrative		267,049	234,944
Awareness and education		1,399,606	1,402,313
Fundraising		1,199,241	1,412,768
Research		424,381	422,230
Support		801,362	743,981
		<b>4,091,639</b>	<b>4,216,236</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>		<b>(285,604)</b>	<b>280,430</b>

The accompanying notes are an integral part of the financial statements.

**Ovarian Cancer Canada****Statement of changes in fund balances**Year ended March 31, 2018

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	<b>2018</b>			2017
	<b>General fund</b>	<b>Invested in capital assets</b>	<b>Total</b>	Total
	\$	\$	\$	\$
Fund balances, beginning of year	<b>1,513,507</b>	<b>1,631</b>	<b>1,515,138</b>	1,234,708
Excess (deficiency) of revenue over expenses	<b>(255,726)</b>	<b>(29,878)</b>	<b>(285,604)</b>	280,430
Purchase of capital assets	<b>(152,061)</b>	<b>152,061</b>	<b>—</b>	—
Fund balances, end of year	<b>1,105,720</b>	<b>123,814</b>	<b>1,229,534</b>	1,515,138

The accompanying notes are an integral part of the financial statements.

**Ovarian Cancer Canada**  
**Statement of cash flows**  
Year ended March 31, 2018

	2018	2017
	\$	\$
<b>Operating activities</b>		
Cash from (used in) operations		
Excess (deficiency) of revenue over expenses for the year	(285,604)	280,430
Items not affecting cash		
Amortization	29,878	977
Unrealized (gain) loss on investments	(568)	—
	<b>(256,294)</b>	281,407
Changes in non-cash working capital components		
Accounts receivable	95,877	(38,411)
Prepaid expenses	(67,415)	(8,654)
Accounts payable and accrued liabilities	(53,931)	28,512
Deferred grants and donations	(159,282)	126,367
	<b>(441,045)</b>	389,221
<b>Investing activities</b>		
Purchase of investments	(1,135,912)	(1,210,320)
Increase in other long-term asset	(2,235)	(2,018)
Purchase of capital assets	(152,061)	—
Proceeds from disposal of investments	1,765,241	800,000
	<b>475,033</b>	(412,338)
Increase (decrease) in cash	<b>33,988</b>	(23,117)
Cash, beginning of year	<b>159,787</b>	182,904
<b>Cash, end of year</b>	<b>193,775</b>	159,787

The accompanying notes are an integral part of the financial statements.



## **1. Purpose of organization**

Ovarian Cancer Canada ("OCC"), formerly National Ovarian Cancer Association (the "Association"), was founded in 1997 and is dedicated to overcoming ovarian cancer and providing leadership by:

- supporting women and their families living with the disease;
- raising awareness by providing educational programs and materials to women living with ovarian cancer, the general public, and health care professionals; and
- funding research to develop reliable early detection techniques, improved treatments and, ultimately a cure.

The Association was incorporated on January 7, 1998 under the Canada Corporations Act as a Not-for-Profit Organization under the name of the Corinne Boyer Fund to continue this mission. The Association was granted registered charity status under the Income Tax Act (Canada) on March 26, 1999, effective August 1, 1998.

Effective February 28, 2007, the Association and the former Ovarian Cancer Canada ("the former OCC") joined together to form one organization and the assets, liabilities and obligations of the former OCC were transferred to, and assumed by, the Association.

The former OCC was dissolved on October 29, 2007 and the Association subsequently changed its name to Ovarian Cancer Canada.

OCC was continued under the Canada Not-for-Profit Corporations Act on May 12, 2014.

## **2. Summary of significant accounting policies**

### *Basis of presentation*

The financial statements of OCC are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the Chartered Professional Accountants (CPA) Handbook. The significant accounting policies adopted by OCC are as follows:

### *Revenue recognition*

OCC follows the deferral method of accounting for restricted contributions. Restricted grants and donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted grants and donations are recognized as revenue when received, or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

### *Contributed services*

The operations of OCC are dependent on the services of many volunteers. The value of contributed services is not recognized in these financial statements.

### *Capital assets*

Capital assets are stated at cost, less accumulated amortization. Amortization of computer and office equipment is provided on the straight-line basis over four years. Leasehold improvements are amortized over the remaining lease term (4 years).

**2. Summary of significant accounting policies (continued)**

*Financial instruments*

OCC's financial assets are comprised of cash, investments, and accounts receivable. Financial liabilities are comprised of accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when OCC becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments quoted in active markets, which are carried at fair value. Any subsequent changes in fair value are recorded in the Statement of operations.

*Use of estimates*

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenue and expenses for the year then ended. Actual results may differ from such estimates. The balances which require estimates are certain accrued liabilities, deferred revenue, and amortization, which is based on the estimated useful lives of capital assets.

**3. Investments**

Investments consist of high interest savings accounts as well as equity instruments with a fair market value of \$402,787 (Nil in 2017).

**4. Capital assets**

	<b>2018</b>			2017
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	Net book value
	\$	\$	\$	\$
Leasehold improvements	<b>149,572</b>	<b>28,809</b>	<b>120,763</b>	—
Computer equipment	<b>5,172</b>	<b>5,034</b>	<b>138</b>	288
Office equipment	<b>23,613</b>	<b>20,700</b>	<b>2,913</b>	1,343
	<b>178,357</b>	<b>54,543</b>	<b>123,814</b>	1,631

**5. Other long-term asset**

OCC received a donation of a life insurance policy in which OCC is the owner and at the same time, the beneficiary. The policy requires that OCC pay the annual premiums of the policy and OCC intends to continue to cover the premium costs. No revenue has been recorded in the Statement of operations in respect of this donation at this time. The premiums paid on the policy are recorded as a long-term asset in the Statement of financial position. In the event OCC ceases to make premium payments on the policy, the investment less any cash surrender value received will be expensed. At the time the benefits of the policy are received by OCC, donation revenue will be recognized as the difference between the cumulative premiums paid and the payment received on the policy. As at March 31, 2018 the balance of this long-term asset is \$7,096 (\$4,861 in 2017).

**6. Deferred grants and donations**

Deferred grants and donations consist of unspent restricted contributions and other deferred revenue. Changes in the balances of deferred grants and donations and other deferred revenue are as follows:

	<b>2018</b>	2017
	\$	\$
Balance, beginning of year	<b>348,631</b>	222,264
Add: amount received during the year	<b>407,190</b>	767,976
Less: amount recognized as revenue during the year	<b>(566,472)</b>	(641,609)
Balance, end of year	<b>189,349</b>	348,631

The balance is comprised of the following:

	<b>2018</b>	2017
	\$	\$
Externally restricted grants and donations	<b>125,832</b>	233,343
Other deferred revenue	<b>63,517</b>	115,288
	<b>189,349</b>	348,631

**7. Investment income**

Investment income earned is reported as follows:

	<b>2018</b>	2017
	\$	\$
Income earned on unrestricted resources	<b>20,069</b>	11,197

**8. Commitments**

*Leases*

Future minimum annual lease commitments on office premises and equipment leases, which expire up to 2022, are as follows:

	\$
2019	260,918
2020	209,414
2021	187,831
2022	93,103
	<u>751,266</u>

*Research commitment*

OCC has committed to pay a grant of \$60,000 to a research organization in the year ending March 31, 2019. The OCC contribution will be matched by the research organization.

**9. Additional information to comply with the disclosure requirements of the Charitable Fundraising Act of Alberta**

Remuneration paid to employees for activities involving fundraising, together with associated employee benefits and statutory payroll costs, amounted to \$351,076 (\$416,969 in 2017).

**10. Guarantees**

In the normal course of business, OCC enters into agreements that meet the definition of a guarantee.

Indemnity has been provided to all directors and officers of OCC, subject to certain restrictions. OCC has purchased directors' and officers' liability insurance to mitigate the cost of any potential future legal actions. Further, in the normal course of business, OCC has entered into agreements that include indemnities in favour of third parties, such as engagement letters with advisors and consultants, leasing contracts and rental agreements. Historically, OCC has not incurred any costs as a result of such suits, actions or agreements. The maximum amount of any potential future payment cannot be reasonably estimated and hence no amount has been recorded in the financial statements.

**11. Allocation of expenses**

*Staff costs*

OCC allocates staff costs based on management's estimate of the amount of time required to fulfill the duties of each position. Total salary and benefits subject to allocation amount to \$2,014,976 (\$1,949,227 in 2017) and are allocated on the Statement of operations as follows:

	<b>2018</b>	2017
	%	%
Administrative	<b>19</b>	19
Awareness and education	<b>36</b>	34
Fundraising	<b>16</b>	21
Research	<b>5</b>	4
Support	<b>24</b>	22
	<b>100</b>	100

*Administrative expenses*

The major components of administrative expenses subject to allocation are:

	<b>2018</b>	2017
	\$	\$
Common expenses		
Occupancy	<b>283,857</b>	262,825
General and office	<b>170,562</b>	112,026
Accounting staff cost	<b>190,592</b>	190,179
Professional and consulting	<b>70,634</b>	57,675
Total common expenses before reallocation	<b>715,645</b>	622,705

**11. Allocation of expenses (continued)**

*Common administrative expenses*

Common expenses are allocated based on management's estimate of the proportion of benefit received by each of the functions. Common expenses are allocated as follows:

	2018		2017	
	\$	%	\$	%
Administrative	71,693	10	63,197	10
Awareness and education	214,651	30	186,503	30
Fundraising	107,325	15	93,251	15
Research	107,325	15	93,251	15
Support	214,651	30	186,503	30
	<b>715,645</b>	<b>100</b>	<b>622,705</b>	<b>100</b>

**12. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities includes \$18,676 (\$22,905 in 2017) relating to government remittances.

**13. Risk management**

The investments held by OCC at March 31, 2018 are exposed to a variety of financial risks. OCC seeks to minimize the potential adverse effects of these risks by regularly monitoring the investment's position, market events and the diversity of the investment portfolio within the constraints of the OCC's investment Policy.

Significant risks that are relevant to OCC's investments are as follows:

*Market risk*

Market risk arises as a result of holding equity securities and fixed income securities. Fluctuations in the market expose OCC to the risk of loss.

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by OCC. The interest bearing investments held by OCC have a limited exposure to interest rate risk due to their short-term maturity.