
Financial statements of Ovarian Cancer Canada

March 31, 2019

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Independent Auditor's Report

To the Board of Directors of
Ovarian Cancer Canada

Qualified Opinion

We have audited the financial statements of Ovarian Cancer Canada (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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 March 31, 2019, 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.

Basis for Qualified Opinion

As is in common with many not-for-profit organizations, the Organization derives revenue from donations, 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 the Organization and we were not able to determine whether any adjustments might be necessary to recorded donations revenue, the deficiency of revenue over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and the fund balances as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 24, 2019

Ovarian Cancer Canada
Statement of financial position
As at March 31, 2019

	Notes	2019	2018
		\$	\$
Assets			
Current assets			
Cash		294,791	193,775
Investments	3	1,107,583	1,083,247
Accounts receivable		47,633	81,076
Prepaid expenses		119,272	98,064
		1,569,279	1,456,162
Capital assets			
Other long-term asset	4	95,317	123,814
	5	9,534	7,096
		1,674,130	1,587,072
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	183,137	168,189
Deferred grants and donations	6	293,605	189,349
		476,742	357,538
Fund balances			
General		1,102,071	1,105,720
Invested in capital assets		95,317	123,814
		1,197,388	1,229,534
		1,674,130	1,587,072

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

Approved on behalf of the Board of Directors

_____, Director

_____, Director

Ovarian Cancer Canada
Statement of operations
Year ended March 31, 2019

	Notes	2019 \$	2018 \$
Revenue			
Foundation grant		44,464	100,843
Donations			
Individuals		396,203	419,274
Corporate		116,319	240,337
Bequests		6,486	100,000
Events		2,599,024	2,795,097
Other		238,777	130,415
Investment income	7	46,004	20,069
		3,447,277	3,806,035
Expenses			
Administrative		277,300	267,049
Awareness and education		1,097,919	1,399,606
Fundraising		1,006,827	1,199,241
Research		376,622	424,381
Support		720,755	801,362
		3,479,423	4,091,639
Deficiency of revenue over expenses for the year		(32,146)	(285,604)

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

Ovarian Cancer Canada
Statement of changes in fund balances
Year ended March 31, 2019

	General fund \$	Invested in capital assets \$	2019 Total \$	2018 Total \$
Fund balances, beginning of year	1,105,720	123,814	1,229,534	1,515,138
(Deficiency) excess of revenue over expenses	(3,649)	(28,497)	(32,146)	(285,604)
Purchase of capital assets	—	—	—	—
Fund balances, end of year	1,102,071	95,317	1,197,388	1,229,534

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

Ovarian Cancer Canada
Statement of cash flows
Year ended March 31, 2019

	2019	2018
	\$	\$
Operating activities		
Cash from (used in) operations		
Deficiency of revenue over expenses for the year	(32,146)	(285,604)
Items not affecting cash		
Amortization	28,497	29,878
Gain on sale of investment	(13,715)	—
Unrealized gain on investments	—	(568)
	(17,364)	(256,294)
Changes in non-cash working capital components		
Accounts receivable	33,443	95,877
Prepaid expenses	(21,208)	(67,415)
Accounts payable and accrued liabilities	14,948	(53,931)
Deferred grants and donations	104,256	(159,282)
	114,075	(441,045)
Investing activities		
Purchase of investments	(1,671,633)	(1,135,912)
Increase in other long-term asset	(2,438)	(2,235)
Purchase of capital assets	—	(152,061)
Proceeds from disposal of investments	1,661,012	1,765,241
	(13,059)	475,033
Increase in cash	101,016	33,988
Cash, beginning of year	193,775	159,787
Cash, end of year	294,791	193,775

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.

Research grants

OCC recognizes a research distribution expenses when the research grant is approved by the Governing Council.

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 as the fair value cannot be reasonably estimated.

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 of capital assets, which is based on the estimated useful lives of capital assets.

3. Investments

Investments consist of amounts held in high interest savings accounts of \$1,107,583 (2018 - \$680,460). Equity instruments were \$Nil as at March 31, 2019 (\$402,787 as at March 31, 2018).

4. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Leasehold improvements	149,572	60,792	88,780	120,763
Computer equipment	29,270	24,688	4,582	138
Office equipment	23,613	21,658	1,955	2,913
	202,455	107,138	95,317	123,814

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 to date. 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 amount capitalized as a long-term asset 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, 2019 the balance of this long-term asset is \$9,534 (\$7,096 as at March 31, 2018).

6. Deferred grants and donations

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

	2019	2018
	\$	\$
Balance, beginning of year	189,349	348,631
Add: amount received during the year	406,453	407,190
Less: amount recognized as revenue during the year	(302,197)	(566,472)
Balance, end of year	293,605	189,349

The balance is comprised of the following:

	2019	2018
	\$	\$
Externally restricted contributions	159,227	125,832
Other deferred revenue	134,378	63,517
	293,605	189,349

7. Investment income

Investment income earned is reported as follows:

	2019	2018
	\$	\$
Income earned on unrestricted resources	46,004	20,069

8. Commitments

Leases

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

	\$
2020	241,972
2021	202,451
2022	95,922
	<u>540,345</u>

Research commitment

OCC has committed to pay a grant of \$60,000 to a research organization in the year ending March 31, 2020. 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 \$290,299 (\$351,076 in 2018).

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 \$1,824,981 (\$2,014,976 in 2018) and are allocated on the Statement of operations as follows:

	2019	2018
	%	%
Administrative	21	19
Awareness and education	37	36
Fundraising	16	16
Research	2	5
Support	24	24
	100	100

Administrative expenses

The major components of administrative expenses subject to allocation are:

	2019	2018
	\$	\$
Common expenses		
Occupancy	245,899	283,857
General and office	136,171	170,562
Accounting staff cost	167,511	190,592
Professional and consulting	64,654	70,634
Total common expenses before reallocation	614,235	715,645

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:

	2019		2018	
	\$	%	\$	%
Administrative	57,125	10	71,693	10
Awareness and education	185,703	30	214,651	30
Fundraising	92,852	15	107,325	15
Research	92,852	15	107,325	15
Support	185,703	30	214,651	30
	614,235	100	715,645	100

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes \$21,296 (\$18,676 as at March 31, 2018) relating to government remittances.