

**KIDS CANCER CARE FOUNDATION OF ALBERTA**

**Financial Statements**

**January 31, 2019**

**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Index to Financial Statements**  
**For the Year Ended January 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Kids Cancer Care Foundation of Alberta:

### Opinion

We have audited the financial statements of Kids Cancer Care Foundation of Alberta: (the "Foundation"), which comprise the statement of financial position, as at January 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at January 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-Profit Organizations.

### Other Matter

The financial statements of Kids Cancer Care Foundation of Alberta for the year ended January 31, 2018 were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed an unmodified opinion on those statements on May 23, 2018.

### Basis for Opinion

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 Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Foundation'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 Foundation or cease operations, or has no realistic alternative but to do so.

*(continues)*



Independent Auditor's Report to the Members of Kids Cancer Care Foundation of Alberta: *(continued)*

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

**Auditor's Responsibilities for the Audit of 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 Foundation'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 Entity 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.

*BDO Canada LLP*

Chartered Professional Accountants

Calgary, Alberta  
May 22, 2019

**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Statement of Financial Position**  
**As at January 31, 2019**

	2019	2018
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 1,097,858	\$ 1,839,277
Restricted cash (Note 3)	75,000	-
Short-term investments (Note 4)	3,760,000	4,280,000
Accounts receivable	96,877	56,539
Goods and services tax recoverable	8,927	9,929
Prepaid expenses	137,384	47,581
	<u>5,176,046</u>	<u>6,233,326</u>
Property and equipment (Note 5)	<u>8,993,866</u>	<u>8,816,075</u>
	<u>\$ 14,169,912</u>	<u>\$ 15,049,401</u>
<b>Liabilities and Net Assets</b>		
Current		
Accounts payable and accrued liabilities	\$ 295,581	\$ 228,626
Unearned revenue	125,190	140,926
	<u>420,771</u>	<u>369,552</u>
Deferred contributions (Note 7)		
Related to operations	78,742	693,586
Related to property and equipment	8,134,814	8,651,115
Lease inducement (Note 15)	619,304	-
	<u>9,253,631</u>	<u>9,714,253</u>
Net Assets		
Invested in property and equipment	859,052	164,960
Internally restricted (Note 11)	3,000,000	3,000,000
Unrestricted	1,057,229	2,170,188
	<u>4,916,281</u>	<u>5,335,148</u>
	<u>\$ 14,169,912</u>	<u>\$ 15,049,401</u>

On behalf of the Board

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

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

**KIDS CANCER CARE FOUNDATION OF ALBERTA****Statement of Operations****For the Year Ended January 31, 2019**

	2019	2018
<b>Revenues</b>		
Fundraising		
General	\$ 2,550,557	\$ 2,677,879
Camp and outreach programs	1,082,665	1,198,700
Research	1,081,010	636,102
Gifts-in-kind (Note 12)	133,841	170,605
Education support and scholarship (Note 6)	85,942	71,208
Hospital programs	3,992	21,363
Amortization of deferred contributions related to property and equipment (Note 7)	561,702	598,059
Camp Kindle rental income	660,167	691,816
Other revenue	86,454	59,542
	<u>6,246,330</u>	<u>6,125,274</u>
<b>Expenses</b>		
Camp and outreach programs (Note 8)	2,095,422	2,153,551
Fundraising (Note 13)	1,522,260	1,419,740
Research (Note 9)	1,299,710	552,108
General and administrative	802,800	777,587
Camp Kindle rental operations (Note 10)	264,333	226,083
Public awareness and education	233,958	234,973
Volunteer program	136,647	117,053
Gifts-in-kind	133,841	170,605
Education support and scholarship	106,198	125,667
Amortization	58,911	41,078
Hospital programs	11,117	27,481
	<u>6,665,197</u>	<u>5,845,926</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (418,867)</u>	<u>\$ 279,348</u>

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

**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Statement of Changes in Net Assets**  
**For the Year Ended January 31, 2019**

	Invested in property and equipment	Internally restricted	Unrestricted	2019	2018
Net assets - beginning of year	\$ 164,960	\$ 3,000,000	\$ 2,170,188	\$ 5,335,148	\$ 5,055,800
Deficiency of revenues over expenses	(97,827)	-	(321,040)	(418,867)	279,348
Acquisition of property and equipment	797,214	-	(797,214)	-	-
Contributions deferred	(5,295)	-	5,295	-	-
<b>Net assets - end of year</b>	<b>\$ 859,052</b>	<b>\$ 3,000,000</b>	<b>\$ 1,057,229</b>	<b>\$ 4,916,281</b>	<b>\$ 5,335,148</b>

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

**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Statement of Cash Flows**  
**For the Year Ended January 31, 2019**

	2019	2018
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ (418,867)	\$ 279,348
Items not affecting cash:		
Amortization	659,529	671,577
Utilization of deferred contributions related to property and equipment	(561,702)	(598,059)
Change in deferred contributions related to operations	(614,844)	(249,258)
Lease inducements (Note 15)	32,354	-
	<u>(903,530)</u>	103,608
Changes in non-cash working capital:		
Accounts receivable	(40,339)	(26,304)
Accounts payable and accrued liabilities	66,955	1,799
Unearned revenue	(15,735)	39,271
Prepaid expenses	(89,803)	19,906
Goods and services tax recoverable	1,002	(2,667)
	<u>(77,920)</u>	32,005
Cash flows from (used by) operating activities	<u>(981,450)</u>	135,613
<b>Investing activities</b>		
Purchase of short-term investments	(3,760,000)	(4,280,000)
Redemption of short-term investments	4,280,000	3,030,000
Purchase of property and equipment	(243,278)	(204,453)
Cash flows from (used by) investing activities	<u>276,722</u>	(1,454,453)
<b>Financing activity</b>		
Contributions received for acquisition of property and equipment	38,309	349,845
<b>Decrease in cash flow</b>	<b>(666,419)</b>	<b>(968,995)</b>
Cash and cash equivalents - beginning of year	<u>1,839,277</u>	2,808,272
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,172,858</b>	<b>\$ 1,839,277</b>
<b>Cash consists of:</b>		
Unrestricted	\$ 1,097,858	\$ 1,839,277
Restricted (Note 3)	75,000	-
	<u>\$ 1,172,858</u>	<u>\$ 1,839,277</u>

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



# **KIDS CANCER CARE FOUNDATION OF ALBERTA**

## **Notes to Financial Statements**

**Year Ended January 31, 2019**

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### **1. Purpose of organization**

Kids Cancer Care Foundation of Alberta (the "Foundation" or "Kids Cancer Care"), is incorporated under the Alberta Societies Act as a not-for-profit organization. As a registered charity under section 149 of the Income Tax Act, the Foundation is not subject to the payment of income taxes.

The vision of the Foundation is to provide a cure for every child and care for every family. Passionately dedicated to helping children and families affected by cancer survive and thrive in body, mind and spirit, the Foundation provides funding and programming in four areas:

#### **Camp and Outreach**

Free, year-round programs designed to help young people and their families renew their spirits and rebuild their strength through a range of activities within a healing and caring community. Indoor and outdoor activities include therapeutic, recreational, social, cultural and leadership opportunities for young people in various stages of cancer treatment, and their families.

#### **Research**

Kids Cancer Care funds pediatric cancer research in the following areas:

A. Basic and applied research to understand the molecular origins and behaviours of children's cancers to develop life-saving therapies that are less toxic and cause fewer long-term health problems in survivors; and

B. Research in the social sciences to understand the physical, social and psychological impact of childhood cancer on the survivor, the family and the social and health systems in order to develop programs and services to support these families.

#### **Hospital**

Kids Cancer Care provides funding for specialized medical equipment, programs and services to support health care professionals in their work, so they can improve the day-to-day care of children and their families at the hospital.

#### **Education Support and Scholarships**

The education support program offers a range of programs and services to support children disadvantaged by cancer throughout their primary and secondary school years. An endowed fund administered by The Calgary Foundation, the Kids Cancer Care Derek Wandzura Memorial Scholarship Fund, provides scholarships to childhood cancer survivors in southern Alberta to help them pursue post-secondary education.

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

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as per Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

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## KIDS CANCER CARE FOUNDATION OF ALBERTA

### Notes to Financial Statements

Year Ended January 31, 2019

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

##### a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Where such contributions have been made for the purpose of equipment acquisition, the revenue is recognized on the same basis as the related asset is amortized. 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.

Rental revenue is recognized on completion of the period it relates to.

##### b) Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in money market funds which are highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

##### c) Property and equipment

Property and equipment are recorded at cost. Amortization is reported using the straight-line method at the following rates:

Computer equipment	3 years
Computer software	2 years
Furniture and equipment	5 years
Leasehold improvements	Term of lease
Aquatic centre	15-20 years
Vehicles	5 years
Building	12-25 years
Challenge course	10 years
Equipment	5 years
Land improvements	15-20 years

##### d) Contributed goods and services

Contributed goods and services that would otherwise be purchased by the Foundation are recorded at fair value where this value can be reasonably estimated.

Volunteers contribute many hours per year to assist the Foundation in carrying out its programs and fundraising activities. As such services are not normally purchased by the Foundation and due to the difficulty of determining their fair value, these contributed services are not recognized in the financial statements.

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**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended January 31, 2019**

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

e) Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and mutual funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized as unrealized gains or losses in the statement of operations.

The financial assets measured at amortized cost include cash and cash equivalents, short-term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities

f) Use of estimates

Under Canadian accounting standards for not-for-profit organizations, an important concept in the preparation of financial statements is the use of estimates in the determination of assets, liabilities, revenue, expenses and excess of revenue over expenses for the year. To the extent that these estimates may vary from actual results, there would be a corresponding effect on various elements of the financial statements. These estimates include the useful life of property and equipment, timing of revenue recognition and reporting of lease inducements.

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**3. Restricted cash**

Restricted cash are funds that have been collected through casino proceeds and are therefore externally restricted by Alberta Gaming and Liquor Commission. The Foundation maintains a separate bank account for casino funds.

Unused casino proceeds of \$75,000 is included in deferred contributions related to the Camp and Outreach program (Note 7).

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**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended January 31, 2019**

**4. Short-term investments**

	<b>2019</b>	<b>2018</b>
GIC, with an annual interest rate of 1.90%, maturing February 2019	\$ 1,250,000	\$ -
GIC, with an annual interest rate of 2.10%, maturing July 2019	1,000,000	-
GIC, with an annual interest rate of 1.85%, maturing August 2019	500,000	-
GIC with an annual interest rate of 2.20%, maturing August 2019	510,000	-
GIC with an annual interest rate of 2.15%, maturing November 2019	500,000	-
GIC, with an annual interest rate of 1.25%, matured	-	1,250,000
GIC, with an annual interest rate of 1.49%, matured	-	1,020,000
GIC, with an annual interest rate of 1.40%, matured	-	1,000,000
GIC, with an annual interest rate of 1.60%, matured	-	1,010,000
	<b>\$ 3,760,000</b>	<b>\$ 4,280,000</b>

Subsequent to year-end, the GIC maturing February 2019 was reinvested into 2 GIC's of \$625,000 each, both with an annual interest rate of 2.15% and maturing February 2020.

**5. Property and equipment**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2019 Net book value</b>	<b>2018 Net book value</b>
Furniture and equipment	\$ 245,363	\$ 131,574	\$ 113,789	\$ 15,238
Vehicles	9,009	3,603	5,406	7,207
Computer equipment and software	259,337	236,806	22,531	23,779
Leasehold improvements	586,950	4,772	582,178	-
Camp Kindle:				
Buildings	9,051,865	2,954,791	6,097,074	6,501,890
Aquatic centre	750,858	242,420	508,438	546,184
Land	695,285	-	695,285	695,285
Challenge course	257,268	228,781	28,487	54,213
Land improvements	1,105,463	271,751	833,712	858,796
Equipment	546,093	450,722	95,371	89,480
Furniture and fixtures	127,930	120,335	7,595	16,539
Vehicles	34,643	30,643	4,000	7,464
	<b>\$ 13,670,064</b>	<b>\$ 4,676,198</b>	<b>\$ 8,993,866</b>	<b>\$ 8,816,075</b>

## KIDS CANCER CARE FOUNDATION OF ALBERTA

### Notes to Financial Statements

Year Ended January 31, 2019

#### 6. Kids Cancer Care Derek Wandzura Memorial Scholarship Fund

The Kids Cancer Care Derek Wandzura Memorial Scholarship Fund is an endowed fund owned and managed by The Calgary Foundation. The Fund was established on January 31, 2008.

A portion of the fund value is provided to Kids Cancer Care on a yearly basis to grant scholarships to survivors of childhood cancer. The market value of the fund held by The Calgary Foundation as of January 31, 2019 is \$591,990 (2018: \$580,665).

#### 7. Deferred contributions

Deferred contributions represent unspent resources received in the current and prior periods, but designated by the donor for use in specific programs or future operations as noted below. Changes in the deferred contributions are as follows:

##### a) Related to operations

2019	Camp and		Education	
	Outreach	Research	Support and Scholarships	Total
Balance, beginning of year	\$ -	\$ 688,978	\$ 4,608	\$ 693,586
Amount added during the year:				
Cash	1,169,863	392,031	85,076	1,646,970
Gifts-in-kind	3,131	70,582	-	73,713
	<u>1,172,994</u>	<u>1,151,591</u>	<u>89,684</u>	<u>2,414,269</u>
Amounts utilized during the year:				
Camp and outreach	1,094,863	-	-	1,094,863
Research	-	977,625	-	977,625
Scholarship awards	-	-	30,500	30,500
Education support	-	-	49,715	49,715
Administration	-	-	5,727	5,727
Direct event costs	-	103,384	-	103,384
Subtotal	<u>1,094,863</u>	<u>1,081,009</u>	<u>85,942</u>	<u>2,261,814</u>
Utilizations contributed by gifts-in-kind	3,131	70,582	-	73,713
Balance, end of year	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 3,742</u>	<u>\$ 78,742</u>

(continues)

**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended January 31, 2019**

**7. Deferred contributions (continued)**

	Camp and Outreach	Research	Education Support and Scholarships	Total
2018				
Balance, beginning of year	\$ -	\$ 931,967	\$ 10,877	\$ 942,844
Amount added during the year:				
Cash	1,198,700	393,113	64,938	1,656,751
Gifts-in-kind	43,682	57,225	-	100,907
	<u>1,242,382</u>	<u>1,382,305</u>	<u>75,815</u>	<u>2,700,502</u>
Amounts utilized during the year:				
Camp and outreach	1,132,235	-	-	1,132,235
Research	-	552,108	-	552,108
Scholarship awards	-	-	28,500	28,500
Transfer to endowment	-	-	23,055	23,055
Education support	-	-	14,880	14,880
Administration	-	-	4,772	4,772
Direct event costs	66,465	83,994	-	150,459
Subtotal	<u>1,198,700</u>	<u>636,102</u>	<u>71,207</u>	<u>1,906,009</u>
Utilizations contributed by gifts-in-kind	43,682	57,225	-	100,907
Balance, end of year	<u>\$ -</u>	<u>\$ 688,978</u>	<u>\$ 4,608</u>	<u>\$ 693,586</u>

**b) Related to property and equipment**

	Camp Kindle	Office	Total
2019			
Balance, beginning of year	\$ 8,651,115	\$ -	\$ 8,651,115
Amount added during the year:			
Cash	11,000	27,309	38,309
Gifts-in-kind	7,092	-	7,092
Subtotal	<u>8,669,207</u>	<u>27,309</u>	<u>8,696,516</u>
Amounts utilized during the year for amortization	<u>556,240</u>	<u>5,462</u>	<u>561,702</u>
Balance, end of year	<u>\$ 8,112,967</u>	<u>\$ 21,847</u>	<u>\$ 8,134,814</u>
2018			
Balance, beginning of year	\$ 8,888,671	\$ -	\$ 8,888,671
Amount added during the year:			
Cash	349,845	-	349,845
Gifts-in-kind	10,658	-	10,658
Subtotal	<u>9,249,174</u>	<u>-</u>	<u>9,249,174</u>
Amounts utilized during the year for amortization	<u>598,059</u>	<u>-</u>	<u>598,059</u>
Balance, end of year	<u>\$ 8,651,115</u>	<u>\$ -</u>	<u>\$ 8,651,115</u>

## **KIDS CANCER CARE FOUNDATION OF ALBERTA**

### **Notes to Financial Statements**

**Year Ended January 31, 2019**

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#### **8. Camp and Outreach programs**

Camp and Outreach programs expenses include amortization expense in the amount of \$600,618 (2018: \$630,499) as related to the assets in use at Camp Kindle.

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#### **9. Research expenses**

The Foundation made a one-time commitment of \$750,000 to The University of Calgary to support the renovations and equipping of the Childhood Cancer Research Program space. This commitment was funded primarily through deferred contributions on hand for research.

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#### **10. Camp Kindle rental operations**

Expenses for Camp Kindle rental operations do not include any allocation of fixed costs in respect of the operations of Camp Kindle.

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#### **11. Internally restricted reserve**

The Foundation has established a combined internally restricted operating and capital reserve of \$3,000,000 (2018: \$3,000,000). The reserve is to provide for cash flow shortages, downturns in the economy and capital asset management. These funds have been designated by the Board of Directors as restricted funds for specific purposes in subsequent periods as described and cannot be spent without board approval.

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**KIDS CANCER CARE FOUNDATION OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended January 31, 2019**

**12. Contribution by funding source**

Contributions received by major funding source are as follows:

	<u>2019</u>	<u>2018</u>
Capital Campaign	\$ -	\$ 150,000
Foundation fundraising events	1,098,469	1,178,250
Community fundraising events	1,541,094	1,768,669
Other not-for-profit	822,914	693,708
Individual and corporate donations	734,166	825,795
Camp Kindle rental operations	660,167	691,816
Government grants	30,988	89,417
Investments and other	86,454	59,542
<b>Total contributions</b>	<b>4,974,252</b>	<b>5,457,197</b>

**Total contributions are reconciled to Statement of Operations as follows:**

**Add:**

Gifts-in kind	133,841	170,605
Opening deferred contributions related to:		
Operations (Note 7)	693,586	942,844
Property and equipment (Note 7)	8,651,115	8,888,671
Change in deferred contributions:		
Gifts-in-kind for property and equipment	7,092	10,658

**Deduct:**

Closing deferred contributions related to:		
Operations	(78,742)	(693,586)
Property and equipment	(8,134,814)	(8,651,115)

<b>Revenue reported in Statement of Operations</b>	<b>\$ 6,246,330</b>	<b>\$ 6,125,274</b>
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**13. Fundraising**

All expenses incurred for the purpose of soliciting contributions were \$1,522,260 (2018: \$1,419,740).

A total of \$nil (2018: \$nil) was paid as remuneration to a fundraising business in the year. The Foundation paid \$937,740 in the year (2018: \$733,444) for remuneration to employees for fundraising activities.

	<u>2019</u>	<u>2018</u>
Total fundraising costs consists of:		
Compensation	\$ 937,740	\$ 733,444
Information technology - fundraising systems	130,925	109,678
Direct event costs	280,657	311,452
Other campaign and fundraising expenses	172,938	265,166
	<b>\$ 1,522,260</b>	<b>\$ 1,419,740</b>



## KIDS CANCER CARE FOUNDATION OF ALBERTA

### Notes to Financial Statements

Year Ended January 31, 2019

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#### 14. Financial instruments

The Foundation's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities, all of which are reported at fair value. Due to their short-term nature, the carrying value of financial instruments approximate their fair value.

Management has determined that the Foundation is not exposed to significant credit, interest rate or market risk.

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#### 15. Lease inducement and commitments

i) The Foundation has a lease agreement for its previous office premises that will expire in March 2019. The remaining rent expense for this lease is \$14,105 and will be paid in the fiscal year ended January 31, 2020.

ii) On October 3, 2018, the Foundation entered into a 10-year lease agreement for its current office premises from April 2019 to March 2029 which includes a free fixturing period from January 2019 to March 2019. The landlord provided the Foundation with a moving allowance of \$23,478 and funded leasehold improvements of \$586,950. The lease also includes free basic rent from April 2019 to December 2019.

Rent expense will be recognized on a straight-line basis over the term of the lease at \$166,064 per year.

The lease inducement will be recognized as a reduction of rent expense at \$59,554 per year over the term of the lease. The deferred lease inducement was \$619,304 as of January 31, 2019, summarized as follows:

Lease inducements	\$	610,428
Amortization of lease inducements		(4,963)
Impact of rent-free period		13,839
		<u>619,304</u>

Minimum payments for the new 10-year lease agreement are as follows:

2019-2020	\$	13,696
2020-2021		164,346
2021-2022		171,683
2022-2023		173,150
2023-2024		180,487
Thereafter		<u>998,793</u>
Total minimum lease payments	\$	<u>1,702,155</u>

iii) The Foundation has a commitment related to research of \$450,000 in the 2019-2020 fiscal years to support a research chair in the Faculty of Nursing at The University of Calgary and Childhood Cancer research through the Alberta Children's Hospital Foundation.

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