

KIDS CANCER CARE FOUNDATION OF ALBERTA
Financial Statements
Year ended January 31, 2015

KIDS CANCER CARE FOUNDATION OF ALBERTA
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Year ended January 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Kids Cancer Care Foundation of Alberta

We have audited the accompanying financial statements of Kids Cancer Care Foundation of Alberta, which comprise the statement of financial position as at January 31, 2015 and the statements of operations, changes in net assets and cash flow 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 audit 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 audit opinion.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kids Cancer Care Foundation of Alberta as at January 31, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Calgary, Alberta
May 27, 2015

Calvista LLP
Professional Accountants

KIDS CANCER CARE FOUNDATION OF ALBERTA
Statement of Financial Position
As at January 31, 2015

	2015	2014
Assets		
Current		
Cash and cash equivalents	\$ 2,347,306	\$ 2,241,324
Short-term investments (note 3)	2,000,000	500,000
Accounts receivable	68,836	21,722
Goods and services tax recoverable	-	19,496
Prepaid expenses	110,172	76,820
	4,526,314	2,859,362
Property and equipment (note 4)	9,550,258	9,694,739
	\$ 14,076,572	\$ 12,554,101
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 120,029	\$ 113,856
Payroll tax liabilities	2,286	24,872
Goods and services tax payable	41,529	-
Unearned revenue	133,852	201,956
	297,696	340,684
Deferred contributions (note 6)		
Related to operations	1,027,663	1,179,065
Related to property and equipment	8,424,093	7,737,677
	9,749,452	9,257,426
Net Assets		
Invested in property and equipment	1,126,165	1,957,062
Internally restricted (note 10)	2,000,000	-
Unrestricted	1,200,955	1,339,613
	4,327,120	3,296,675
	\$ 14,076,572	\$ 12,554,101

On behalf of the Board


 _____ Director

 _____ Director

See notes to financial statements

KIDS CANCER CARE FOUNDATION OF ALBERTA

Statement of Operations

Year ended January 31, 2015

	2015	2014
Revenue		
Fundraising		
General	\$ 3,015,666	\$ 2,756,968
Camp and Outreach programs	1,486,576	1,388,591
Research	433,300	1,008,457
Hospital program	49,735	21,581
Scholarship and endowment fund (note 5)	42,107	34,686
Capital campaign	7,199	37,813
Amortization of deferred contributions related to property and equipment (note 6)	614,615	518,025
Camp Kindle rental income	559,573	374,482
Gifts-in-kind	146,777	110,884
Other revenue	28,230	18,246
	6,383,778	6,269,733
Expenses		
Camp and Outreach programs (note 7)	2,046,765	1,824,468
Fundraising	1,438,116	1,370,251
General and administrative	615,427	555,294
Research	300,000	901,595
Public awareness and education	264,766	256,436
Camp Kindle rental operations (note 8)	231,508	197,366
Gifts-in-kind	146,777	110,884
Volunteer program	140,497	127,200
Hospital programs	99,890	100,793
Scholarship endowment and awards	42,107	34,686
Amortization	20,281	15,391
Capital campaign	7,199	37,813
	5,353,333	5,532,177
Excess of revenue over expenses	\$ 1,030,445	\$ 737,556

See notes to financial statements

KIDS CANCER CARE FOUNDATION OF ALBERTA
Statement of Changes in Net Assets
Year ended January 31, 2015

	Invested in property and equipment	Internally restricted	Unrestricted	2015	2014
Net assets, beginning of year	\$ 1,957,062	\$ -	\$ 1,339,613	\$ 3,296,675	\$ 2,559,119
Excess of revenue over expenses	29,579	-	1,000,866	1,030,445	737,556
Acquisition of property and equipment	440,555	-	(440,555)	-	-
Contributions deferred	(1,301,031)	-	1,301,031	-	-
Internally restricted	-	2,000,000	(2,000,000)	-	-
Net assets, end of year	\$ 1,126,165	\$ 2,000,000	\$ 1,200,955	\$ 4,327,120	\$ 3,296,675

KIDS CANCER CARE FOUNDATION OF ALBERTA

Statement of Cash Flow

Year ended January 31, 2015

	2015	2014
Operating activities		
Excess of revenue over expenses	\$ 1,030,445	\$ 737,556
Adjustments to arrive at cash flow from operations:		
Amortization	585,036	538,579
Utilization of deferred contributions related to property and equipment	(614,615)	(518,025)
Change in deferred contributions related to operations	(151,402)	(589,541)
	849,464	168,569
Changes in non-cash working capital:		
Accounts receivable	(47,114)	219,128
Goods and services tax recoverable	19,496	(2,110)
Prepaid expenses	(33,352)	6,951
Accounts payable and accrued liabilities	6,173	(158,017)
Payroll tax liabilities	(22,586)	5,913
Goods and services tax payable	41,529	-
Unearned revenue	(68,104)	91,806
	(103,958)	163,671
	745,506	332,240
Investing activities		
Purchase of short-term investments	(1,500,000)	(500,000)
Acquisition of property and equipment	(400,085)	(913,856)
Proceeds from insurance on loss of assets	-	22,650
	(1,900,085)	(1,391,206)
Financing activities		
Repayment of long term debt	-	(2,618,750)
Contributions received for acquisition of property and equipment	1,260,561	3,313,340
	1,260,561	694,590
Increase (decrease) in cash flow	105,982	(364,376)
Cash and cash equivalents, beginning of year	2,241,324	2,605,700
Cash and cash equivalents, end of year	\$ 2,347,306	\$ 2,241,324
Cash and cash equivalents consist of:		
Cash	\$ 2,347,306	\$ 802,088
Money market portfolio	-	1,439,236
	\$ 2,347,306	\$ 2,241,324

See notes to financial statements

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

1. Purpose of Organization

Kids Cancer Care Foundation of Alberta (the "Foundation" or "KCC"), 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 Foundation dedicates fund raising efforts to four areas:

Camp and Outreach

The Foundation provides free, year-round support opportunities for young people and their families affected by cancer. The Foundation manages residential and day camps for children, teenagers and young adults, aged 3 to 25, in various stages of cancer treatment. During the year, the Foundation also runs youth recreational programs and hosts a variety of supportive conferences and seminars.

Research

The Foundation provides funding for pediatric oncology research and treatment in Alberta. The results of the research directly impacts the level of care that the pediatric oncology team is able to offer Alberta children with cancer, and ultimately many treatment programs around the world.

Hospital programs

Funding from the Foundation purchases equipment, enhances programs and supports doctors, nurses, psychologists and therapists in the area of pediatric oncology-related medical care and family support. Practical and necessary support items aid sick children and their families during hospital stays and clinic visits throughout the entire cancer journey.

KCC Derek Wandzura Memorial Scholarship

The KCC Derek Wandzura (DW) Memorial Scholarship is designed to assist young adults with a history of childhood cancer to further their education pursuits. The scholarships may be used to upgrade and prepare for post-secondary studies or to pursue a postsecondary education program, be it a university, college or technical education. See Note 5.

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 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:

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. 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.

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KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

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

b) Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, 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 and software	3 years
Furniture and equipment	5 years
Leasehold improvements	Term of lease
Aquatic Centre	15-20 years
Automobile	5 years
Building	12-25 years
Challenge course	10 years
Equipment	5 years
Land improvement	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.

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.

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

3. Short-term investments

	2015	2014
Guaranteed investment certificates (GIC), with annual interest rate at 1.26%, maturing July 2015	\$ 1,000,000	\$ -
GIC, with annual interest rate at 1.42%, maturing January 2016	1,000,000	-
GIC, with annual interest rate at 1.25%, maturing July 2014	-	500,000
	\$ 2,000,000	\$ 500,000

4. Property and equipment

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and equipment	\$ 96,924	\$ 84,669	\$ 12,255	\$ 15,810
Computer equipment and software	136,595	115,306	21,289	6,837
Camp Kindle:				
Buildings	8,382,313	1,335,825	7,046,488	7,159,863
Aquatic Centre	750,858	81,870	668,988	709,923
Land	695,285	-	695,285	695,285
Challenge course	257,268	125,874	131,394	150,221
Land improvements	799,594	67,317	732,277	730,018
Equipment	308,127	150,283	157,844	167,435
Furniture and fixtures	107,071	36,883	70,188	39,213
Automobile	29,421	15,171	14,250	20,134
	\$ 11,563,456	\$ 2,013,198	\$ 9,550,258	\$ 9,694,739

5. KCC Derek Wandzura Memorial Scholarship Fund

The KCC Derek Wandzura Memorial Scholarship Fund is an endowed fund owned and managed by The Calgary Foundation. As additional funds are raised for endowment purposes, they become payable to The Calgary Foundation to add to the endowment. The current year transfer is \$23,728 (2014: \$14,784). The Fund was established on January 31, 2008.

A portion of the fund value is provided to KCC on a yearly basis to grant scholarships to survivors of childhood cancer. The market value of the fund held by The Calgary Foundation as January 31, 2015 is \$516,262 (2014: \$457,396).

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

6. 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

2015	Camp and Outreach	Camp Kindle	Research	DW Scholarship Fund	Total
Balance, beginning of year	\$ 340,281	\$ -	\$ 808,883	\$ 29,901	\$ 1,179,065
Amount added during the year:					-
Cash	1,146,294	7,199	620,327	43,959	1,817,779
Gifts-in-kind	29,169	-	48,243	-	77,412
	1,515,744	7,199	1,477,453	73,860	3,074,256
Amounts utilized during the year:					
Camp and Outreach	1,396,456	-	-	-	1,396,456
Research	-	-	300,000	-	300,000
Transfer to The Calgary Foundation	-	-	-	23,728	23,728
Scholarship Awards	-	-	-	17,005	17,005
Administration	-	-	-	1,374	1,374
Direct event costs	90,119	7,199	133,300	-	230,618
Subtotal	1,486,575	7,199	433,300	42,107	1,969,181
Utilizations contributed by gifts-in-kind	29,169	-	48,243	-	77,412
Balance, end of year	\$ -	\$ -	\$ 995,910	\$ 31,753	\$ 1,027,663

2014	Camp and Outreach	Camp Kindle	Research	DW Scholarship Fund	Total
Balance, beginning of year	\$ 401,403	\$ -	\$ 1,336,520	\$ 30,683	\$ 1,768,606
Amount added during the year:					-
Cash	1,327,469	37,813	480,820	33,904	1,880,006
Gifts-in-kind	23,164	-	-	-	23,164
	1,752,036	37,813	1,817,340	64,587	3,671,776
Amounts utilized during the year:					
Camp and Outreach	1,301,280	-	-	-	1,301,280
Research	-	-	901,595	-	901,595
Transfer to The Calgary Foundation	-	-	-	14,784	14,784
Scholarship Awards	-	-	-	19,000	19,000
Administration	-	-	-	902	902
Direct event costs	87,311	37,813	106,862	-	231,986
Subtotal	1,388,591	37,813	1,008,457	34,686	2,469,547
Utilizations contributed by gifts-in-kind	23,164	-	-	-	23,164
Balance, end of year	\$ 340,281	\$ -	\$ 808,883	\$ 29,901	\$ 1,179,065

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KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

6. Deferred contributions (continued)

b) Related to property and equipment

	2015			2014		
	General	Camp Kindle	Total	General	Camp Kindle	Total
Balance, beginning of year	\$ -	\$ 7,737,677	\$ 7,737,677	\$ 16,226	\$ 4,851,573	\$ 4,867,799
Additions (deductions) during the year:						
Cash	-	1,260,561	1,260,561	-	3,313,340	3,313,340
Transfer to Camp Kindle	-	-	-	(16,226)	16,226	-
Gifts-in-kind	-	40,470	40,470	-	74,563	74,563
	-	9,038,708	9,038,708	-	8,255,702	8,255,702
Amounts amortized the year:	-	614,615	614,615	-	518,025	518,025
Balance, end of year	\$ -	\$ 8,424,093	\$ 8,424,093	\$ -	\$ 7,737,677	\$ 7,737,677

7. Camp and Outreach programs

Camp and Outreach programs expenses include amortization expense in the amount of \$564,755 (2014: \$523,188) as related to the assets in use at Camp Kindle.

8. 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.

9. Commitments

The Foundation has minimum lease commitments under an office lease that expires March 2019:

2015-2016	\$ 84,362
2016-2017	84,628
2017-2018	84,628
2018-2019	84,628
2019-2020	<u>14,105</u>
	<u>\$ 352,351</u>

In addition, the Foundation has further commitments related to research of \$2,250,000. The committed amount for the 2015-2016 fiscal year is \$450,000 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. Thereafter the commitment is \$450,000 per year for the following four years.

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

10. Internally restricted reserve

The Foundation has established a combined internally restricted operating and capital reserve of \$2,000,000 (2014: \$nil). The reserve is to provide for cashflow 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.

11. Contribution by funding source

Contributions received by major funding source are as follows:

	2015	2014
Capital Campaign	\$ 1,188,024	\$ 3,285,028
Foundation fundraising events	2,306,063	2,322,055
Community fundraising events	1,508,020	1,256,570
Other not-for-profit	467,638	468,136
Individual and corporate donations	575,914	530,467
Camp Kindle rental operations	559,573	374,482
Government grants	79,225	91,421
Investments and others	47,088	36,464
Total contributions	6,731,545	8,364,623
Total contributions are reconciled to Statement of Operations as follows:		
Add:		
Gifts-in kinds	146,777	110,884
Opening deferred contributions related to:		
Operations	1,179,065	1,768,606
Property and Equipment	7,737,677	4,867,799
Change in deferred contributions:		
Gifts-in-kind for property and equipment	40,470	74,563
Deduct:		
Closing deferred contributions related to:		
Operations	(1,027,663)	(1,179,065)
Property and equipment	(8,424,093)	(7,737,677)
Revenue reported in Statement of Operations	\$ 6,383,778	\$ 6,269,733

All expenses incurred for the purpose of soliciting contributions were \$1,445,315 (2014: \$1,408,064).

A total of \$10,776 (2014: \$10,554) was paid as remuneration to a fundraising business in the year. The Foundation paid \$833,525 in the year (2014: \$830,460) for remuneration to employees for fundraising activities.

KIDS CANCER CARE FOUNDATION OF ALBERTA

Notes to Financial Statements

Year ended January 31, 2015

12. 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.

13. Prior period restatement

During the year, the Foundation changed its policy on accounting for contributed goods and services. Each year the Foundation receives gifts-in-kind of media services and the amounts related thereto are not reflected in the Statement of Operations as these services would not otherwise be paid for by the Foundation. As a result of this change, the following adjustments were made to the 2014 financial statements:

	As reported	Adjustment	As restated
Revenue - Gifts-in-kind	\$ 732,417	\$ (621,533)	\$ 110,884
Expenses - Gifts-in-kind	732,417	(621,533)	110,884
Deferred contributions - Gifts-in-kind additions	185,037	(161,873)	23,164
Deferred contributions - Gifts-in-kind utilizations	185,037	(161,873)	23,164

14. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.