

**KIDS WITH CANCER SOCIETY OF NORTHERN  
ALBERTA**  
Financial Statements  
Year Ended December 31, 2022

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Index to Financial Statements  
Year Ended December 31, 2022

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	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

## INDEPENDENT AUDITOR'S REPORT

To the Members of Kids With Cancer Society of Northern Alberta

### *Qualified Opinion*

We have audited the financial statements of Kids With Cancer Society of Northern Alberta (the Society), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, 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 Society as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Society derives revenue from fundraising revenues the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021 and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of 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 Society in accordance with 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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### *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 Society'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 Society'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 Society 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.

*RSM Canada LLP*

Edmonton, Alberta  
July 18, 2023

Chartered Professional Accountants

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

## Statement of Financial Position

December 31, 2022

	General Fund	Restricted Fund	2022	2021
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash (Note 3)	\$ 4,674,048	\$ -	\$ 4,674,048	\$ 3,921,015
Donations receivable	78,978	-	78,978	68,823
Goods and services tax receivable	23,197	-	23,197	10,221
Prepaid expenses and deposits	61,927	-	61,927	61,859
	4,838,150	-	4,838,150	4,061,918
<b>TANGIBLE CAPITAL ASSETS (Note 4)</b>				
	919,179	1,720,823	2,640,002	2,665,632
	\$ 5,757,329	\$ 1,720,823	\$ 7,478,152	\$ 6,727,550
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Accounts payable and accruals (Note 5)	\$ 418,341	\$ -	\$ 418,341	\$ 147,398
Deferred contributions (Note 6)	646,274	-	646,274	99,376
	1,064,615	-	1,064,615	246,774
<b>DEFERRED CONTRIBUTIONS RELATING TO TANGIBLE CAPITAL ASSETS (Note 7)</b>				
	444,739	-	444,739	398,494
	1,509,354	-	1,509,354	645,268
<b>NET ASSETS</b>				
Invested in tangible capital assets	474,440	-	474,440	494,968
Unrestricted net assets	3,773,535	-	3,773,535	3,290,902
Externally restricted net assets	-	1,720,823	1,720,823	2,296,412
	4,247,975	1,720,823	5,968,798	6,082,282
	\$ 5,757,329	\$ 1,720,823	\$ 7,478,152	\$ 6,727,550

COMMITMENTS (Note 8)

RELATED PARTY (Note 12)

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See notes to financial statements

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

## Statement of Operations

Year Ended December 31, 2022

	General Fund	Restricted Fund	2022		2021
<b>REVENUES</b>					
Donations	\$ 1,612,311	\$ -	\$ 1,612,311		\$ 1,639,897
Fundraising events	1,599,949	-	1,599,949		1,448,372
Investments	71,450	981	72,431		14,885
Casino	2,576	-	2,576		-
	3,286,286	981	3,287,267		3,103,154
<b>EXPENSES</b>					
Clinical and support programs	1,790,561	-	1,790,561		1,501,638
Fundraising activities	571,036	-	571,036		392,295
Research	441,000	-	441,000		435,000
Administrative	422,167	-	422,167		298,521
Accommodation project	-	82,137	82,137		75,864
	3,224,764	82,137	3,306,901		2,703,318
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER EXPENSES (INCOME)</b>	61,522	(81,156)	(19,634)		399,836
<b>OTHER EXPENSES (INCOME)</b>					
Amortization of tangible capital assets	42,504	51,346	93,850		93,995
Canada Emergency Wage Subsidy	-	-	-		(37,840)
	42,504	51,346	93,850		56,155
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ 19,018	\$ (132,502)	\$ (113,484)		\$ 343,681

See notes to financial statements

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

## Statement of Changes in Net Assets

Year Ended December 31, 2022

	General Fund		Restricted Fund		2022	2021
	Invested in Tangible Capital Assets	Unrestricted	Externally Restricted Fund			
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 494,968	\$ 3,290,902	\$ 2,296,412	\$ 6,082,282	\$ 5,738,601	
(Deficiency) excess of revenues over expenses	(25,546)	44,564	(132,502)	(113,484)	343,681	
Purchase of tangible capital assets	68,221	(68,221)	-	-	-	
Contributions deferred relating to tangible capital assets	(63,203)	63,203	-	-	-	
Interfund transfer	-	443,087	(443,087)	-	-	
<b>NET ASSETS - END OF YEAR</b>	\$ 474,440	\$ 3,773,535	\$ 1,720,823	\$ 5,968,798	\$ 6,082,282	

See notes to financial statements

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

## Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
<b>CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Cash receipts from grants	\$ -	\$ 37,840
Cash received for the Accommodation project	981	12,863
Cash spent on the Accommodation project	(82,137)	(75,864)
Cash received from contributions	2,132,096	1,614,439
Cash received from fundraising events	1,599,950	1,448,372
Cash spent on fundraising events	(571,037)	(392,295)
Clinical and support programs	(1,790,630)	(1,554,076)
Administrative costs	(151,222)	(197,261)
Research programs	(441,000)	(435,000)
Interest from investments	71,450	12,022
Recovery of goods and services tax	(12,976)	(3,870)
Casino	2,576	-
	<b>758,051</b>	<b>467,170</b>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	(68,221)	(9,697)
<b>FINANCING ACTIVITY</b>		
Deferred contributions received for tangible capital assets	63,203	-
<b>INCREASE IN CASH</b>	<b>753,033</b>	<b>457,473</b>
Cash - beginning of year	3,921,015	3,463,542
<b>CASH - END OF YEAR</b>	<b>\$ 4,674,048</b>	<b>\$ 3,921,015</b>

See notes to financial statements



# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2022

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## 1. INCORPORATION AND NATURE OF THE ORGANIZATION

Kids with Cancer Society of Northern Alberta (the "Society") was incorporated under the Canada Corporations Act as a Not-For Profit organization and is a registered charity under the Income Tax Act. The purpose of the Society is to meet the needs of children and their families through identification and provision of support, clinical programs and research.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

### Fund accounting

The Society uses the restricted fund method of accounting for externally restricted contributions.

The general fund accounts for current operations and programs as well as the Society's general operations, unrestricted contributions and restricted contributions not related to the Accommodation Project.

The externally restricted fund accounts for the Society's activities related to the Accommodations Project. The Accommodation Project is a house that began operations in September 2018. The house will provide short-term accommodation for families coming to Edmonton for treatment and follow-up.

### Cash

Cash consists of cash on hand and bank balances.

### Revenue recognition

Contributions for the accommodation project are recognized as revenue in the restricted fund. This revenue is recognized when received. Unrestricted contributions are recognized in the general fund. Restricted contributions not recognized in the restricted fund are recognized in the general fund using the deferral method. Contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as revenue when earned. Contributions related to tangible capital assets are deferred and recognized as revenue on the same basis as the amortization of the related asset.

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# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2022

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### Tangible capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

In the year of acquisition, amortization is taken at one half the normal rate.

Amortization is provided using the following methods and rates intended to amortize the cost of assets over their estimated useful lives.

Buildings	4%	declining balance method
Computer equipment	30%	straight-line method
Computer software	100%	straight-line method
Furniture and fixtures	20%	straight-line method
Building improvements	20%	straight-line method
Database	20%	straight-line method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

When conditions indicate a tangible capital asset is impaired, the carrying value of the tangible capital asset is written down to the asset's fair value or replacement cost. The write down of the tangible capital assets is recorded as an expense in the statement of operations. A write-down shall not be reversed.

### Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Contributed services where fair value cannot be reasonably estimated are not recognized in the financial statements. Volunteers contribute significant hours per year to assist the Society in carrying out its service delivery activities.

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# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2022

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

### Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

All of the Society's financial assets and liabilities are subsequently measured at amortized cost.

Financial assets measured at amortized cost include cash and donations receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 operations.

### Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

### Allocation of expenses

The Society engages in clinical and support programs, research programs and fundraising programs. The costs of each program include the costs of specific expenses that are directly related to providing the program. The Society also incurs personnel expenses that are common to the administration of the Society and each of its programs.

The Society allocates its personnel expenses based on estimated time expended on the program multiplied by the calculated hourly rate of the Society staff member.

## 3. CASH

Cash includes \$113,000 (2021 - \$11,900) that is externally restricted in its use and \$533,274 (2021 - \$87,476) that is restricted for the use in accordance with Alberta Gaming, Liquor and Cannabis.

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2022

## 4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
<u>General Fund</u>				
Land	\$ 386,191	\$ -	\$ 386,191	\$ 386,191
Buildings	762,000	322,755	439,245	457,547
Computer equipment	15,508	13,149	2,359	5,925
Furniture and fixtures	36,713	23,456	13,257	7,558
Building improvements	80,694	55,586	25,108	36,241
Database	11,882	11,882	-	-
Transportation equipment	53,019	-	53,019	-
	1,346,007	426,828	919,179	893,462
<u>Restricted Fund</u>				
Land	834,738	-	834,738	834,738
Building	1,053,914	177,464	876,450	912,969
Furniture	74,138	64,503	9,635	24,463
	1,962,790	241,967	1,720,823	1,772,170
	\$ 3,308,797	\$ 668,795	\$ 2,640,002	\$ 2,665,632

A vehicle with a cost of \$53,019 was contributed to the Society in 2022 (2021 - \$nil). It was not put into use until 2023, therefore it has not been amortized. Furniture and equipment with a cost of \$800 was contributed to the Society in 2022 (2021 - \$nil). The Society received insurance proceeds of \$9,384 in 2022 (2021 - \$nil) to purchase replacement furniture and equipment.

## 5. ACCOUNTS PAYABLE AND ACCRUALS

Included in accounts payable and accruals is an amount payable to the previous Executive Director.

## 6. DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent contributions externally restricted for specific programs which includes the Beaded Journey Gala, McQuat Bursary, and Alberta Gaming, Liquor and Cannabis agreements. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contributions balance are as follows:

	2022	2021
Balance, beginning of year	\$ 99,376	\$ 144,979
Amount received during the year	113,000	11,900
Gaming Contributions	445,798	76,595
Less: Amount recognized as revenue during the year	(11,900)	(134,098)
Balance, end of year	\$ 646,274	\$ 99,376

# KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA

Notes to Financial Statements

Year Ended December 31, 2022

## 7. DEFERRED CONTRIBUTIONS RELATED TO TANGIBLE CAPITAL ASSETS

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets in the general fund. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2022	2021
Balance, beginning of year	\$ 398,494	\$ 415,098
Additions during the year	63,203	-
Less: Amounts recognized as revenue during the year	(16,958)	(16,604)
Balance, end of year	\$ 444,739	\$ 398,494

## 8. COMMITMENTS

The Society has entered into various commitments with organizations that provide like minded and complimentary services. These include clinical outcomes and research infrastructure. The estimated minimum annual payments are as follows:

2023	\$ 372,020
2024	194,300
2025	13,750
2026	11,000
2027	11,000
	\$ 602,070

Commitments are reviewed annually and the total amounts can be adjusted if deemed necessary based on the revenues of the Society. It is the intention of the Society to continue to make these commitments as agreed upon.

## 9. RISK MANAGEMENT

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant credit, liquidity or interest rate risks arising from these financial instruments except as otherwise disclosed.

### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The financial instruments that primarily subject the Society to a significant concentration of credit risk consists of cash. Credit risk related to cash is mitigated by placing cash with major financial institutions.

### ***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources and accounts payable.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant other price risks arising from these financial instruments.

# **KIDS WITH CANCER SOCIETY OF NORTHERN ALBERTA**

Notes to Financial Statements

Year Ended December 31, 2022

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## **10. FUNDRAISING EXPENSES**

As required under the Charitable Fundraising Act of Alberta, the Society reports that approximately \$398,711 was paid as remuneration to employees in respect of fundraising related work in the year ended December 31, 2022 (2021 - \$195,529).

## **11. ALLOCATION OF EXPENSES**

Salaries and wages of \$319,696 have been allocated to clinical and support programs in 2022 (2021 - \$206,269) based on estimated hours worked by various staff members at their calculated rates.

## **12. RELATED PARTY**

The Society provides grants to conduct research that is supervised by a board member. Grants of \$430,000 were made in the current year.

## **13. COMPARATIVE FIGURES**

Certain of the prior period figures have been reclassified to align with management's current view of the Society's operations.