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**COLON CANCER CANADA/CANCER DU COLON CANADA**

**Financial Statements**

**December 31, 2015**

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**COLON CANCER CANADA/CANCER DU COLON CANADA**  
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**Year Ended December 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Colon Cancer Canada/Cancer du Colon Canada

We have audited the accompanying financial statements of Colon Cancer Canada/Cancer du Colon Canada, which comprise the statement of financial position as at December 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 qualified audit opinion.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, Colon Cancer Canada/Cancer du Colon Canada derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Colon Cancer Canada/Cancer du Colon Canada. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, deficiency of revenue over expenses, and cash flows from operations for the year ended December 31, 2015, current assets and net assets as at December 31, 2015.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Colon Cancer Canada/Cancer du Colon Canada as at December 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.

*Hogg, Shain & Scheck PC*

Toronto, Ontario  
May 10, 2016

Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**COLON CANCER CANADA/CANCER DU COLON CANADA**  
**Statement of Financial Position**  
**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 202,891	\$ 338,474
Short-term investments <i>(Note 4)</i>	385,872	355,109
Government remittances receivable	33,236	52,024
	621,999	745,607
<b>EQUIPMENT</b> <i>(Note 2)</i>	9,132	5,856
	\$ 631,131	\$ 751,463
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 248,193	\$ 171,930
Deferred revenue	1,008	-
Deferred rental incentive <i>(Note 6)</i>	-	1,033
	249,201	172,963
<b>NET ASSETS</b>		
<b>UNRESTRICTED FUND</b>	372,798	572,644
<b>INVESTED IN EQUIPMENT</b>	9,132	5,856
	381,930	578,500
	\$ 631,131	\$ 751,463

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

*See the accompanying notes to these financial statements*

**COLON CANCER CANADA/CANCER DU COLON CANADA**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2015**

	Unrestricted Fund	Invested in Equipment	2015	2014
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 572,644	\$ 5,856	\$ 578,500	\$ 542,648
Excess (deficiency) of revenue over expenses	( 193,110)	( 3,460)	( 196,570)	35,852
Invested in equipment	( 6,736)	6,736	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 372,798</b>	<b>\$ 9,132</b>	<b>\$ 381,930</b>	<b>\$ 578,500</b>

*See the accompanying notes to these financial statements*

COLON CANCER CANADA/CANCER DU COLON CANADA

Statement of Operations

Year Ended December 31, 2015

	2015	2014 <i>(Note 9)</i>
<b>REVENUE</b>		
Donation and public support	\$ 956,383	\$ 1,390,260
Corporate sponsorship	147,838	108,753
Contributed goods <i>(Note 3)</i>	13,547	24,097
Investment income <i>(Note 4)</i>	10,280	28,902
	<u>1,128,048</u>	<u>1,552,012</u>
<b>EXPENSES</b>		
Programs	696,556	628,672
Administration	218,212	225,678
Public awareness and outreach	215,083	281,638
Cost of raising funds	194,767	380,172
	<u>1,324,618</u>	<u>1,516,160</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u><b>\$ ( 196,570)</b></u>	<u><b>\$ 35,852</b></u>

See the accompanying notes to these financial statements

**COLON CANCER CANADA/CANCER DU COLON CANADA**

**Statement of Cash Flow**

**Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ ( 196,570)	\$ 35,852
Items not affecting cash:		
Amortization	3,460	2,611
Amortization of deferred rental incentive	( 1,033)	( 3,099)
Unrealized loss (gain) on investments	70	( 15,694)
	<u>( 194,073)</u>	<u>19,670</u>
Changes in non-cash working capital:		
Accounts receivable	-	5,000
Government remittances receivable	18,788	474
Accounts payable and accrued liabilities	76,263	135,436
Deferred revenue	1,008	-
	<u>96,059</u>	<u>140,910</u>
Cash flow from (used by) operating activities	<u>( 98,014)</u>	<u>160,580</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	( 6,736)	( 801)
Addition to investments	( 30,833)	( 13,950)
Cash flow used by investing activities	<u>( 37,569)</u>	<u>( 14,751)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>( 135,583)</b>	<b>145,829</b>
<b>CASH - BEGINNING OF YEAR</b>	<u><b>338,474</b></u>	<u><b>192,645</b></u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 202,891</b></u>	<u><b>\$ 338,474</b></u>

*See the accompanying notes to these financial statements*

# COLON CANCER CANADA/CANCER DU COLON CANADA

## Notes to Financial Statements Year Ended December 31, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Description

Colon Cancer Canada/Cancer du Colon Canada is dedicated to reducing the incidence of colorectal cancer by supporting research initiatives, increasing public awareness and promoting the importance of screening. It also provides funding on an individual basis to ensure that anyone diagnosed with cancer would have the necessary supports to manage life with this disease. The Organization's key sources of fundraising are individual and corporate donations and functions such as Top to Bottom, golf tournaments and fun walks/runs.

The Organization was previously incorporated without share capital under the Canada Corporations Act in March 2002 and was continued under the Canada Not-for-Profit Act in July 2013. The Organization is a charitable organization registered under the Income Tax Act (Canada) and as such, it is exempt from income taxes and is able to issue donation receipts for income tax purposes.

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following policies:

#### Revenue recognition

The Organization 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 can be reasonably estimated and the collection is reasonably assured.

Donated goods are recognized based on the fair value at the date of contribution. The fair value of a contributed good may be estimated using market or appraisal values.

Investment income is recognized when it is measurable and collectability is reasonably assured. Interest income is recognized on a time proportion basis, and dividends are recognized when the shareholder's right to receive payment is established.

#### Contributed services

Volunteers contribute countless hours each year to assist the organization in achieving its mission. Because of the difficulty in determining the fair value of such services, contributed services are not recognized in the financial statements.

#### Allocation of expenses

Expenses are recorded and reported by programs and services. Certain employees perform a combination of program, fundraising and administrative functions; as a result, salaries and benefits are allocated based on time dedicated to the functional activities. Other costs, including executive office and administrative support, are allocated to the programs and services that benefit from the activities. Such allocations are reviewed regularly by management.

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# COLON CANCER CANADA/CANCER DU COLON CANADA

## Notes to Financial Statements

Year Ended December 31, 2015

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

#### Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method
Computer software	1 year	straight-line method
Furniture and fixtures	20%	declining balance method

#### Financial instruments

Financial instruments are recorded at fair value when acquired. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition, which are amortized using the straight-line method.

Financial assets include short-term investments. Financial liabilities include accounts payable and accrued liabilities.

Financial assets are assessed for impairment on an annual basis for impairment. If there is an indicator of impairment, the organization determines if there is a significant adverse change in the expected amount of timing of future cash flows. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement.

#### 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 2. EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer equipment	\$ 23,226	\$ 18,618	\$ 4,608	\$ 1,683
Computer software	4,862	4,741	121	-
Furniture and fixtures	13,261	8,858	4,403	4,173
	<u>\$ 41,349</u>	<u>\$ 32,217</u>	<u>\$ 9,132</u>	<u>\$ 5,856</u>

### 3. CONTRIBUTED GOODS

Contributed goods consist of donated equipment and publicly traded shares.

COLON CANCER CANADA/CANCER DU COLON CANADA

Notes to Financial Statements  
Year Ended December 31, 2015

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4. INVESTMENT INCOME

Short-term investments consist of term bonds and guaranteed investment certificates in the amount of \$385,872 (2014 - \$355,109). Investment income is comprised of:

	2015	2014
Interest income	\$ 12,277	\$ 14,123
Dividend income	90	50
Gain (loss) on sale of investments	( 2,017)	117
Unrealized gain (loss) on investments	( 70)	15,694
Management fees	-	( 1,082)
	<u>\$ 10,280</u>	<u>\$ 28,902</u>

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5. RESEARCH COMMITMENT

The Organization has currently committed to making \$120,400 (2014 - \$150,000) in research funding to the University of Toronto to be paid in 2016 to support the University of Toronto's Division of General Surgery in support of research and educational activities in colon cancer. An accrual has been recorded in the current year to reflect this commitment.

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6. LEASE COMMITMENTS

The Organization leases premises under a long term lease that expires on October 31, 2017. Under the lease, the Organization is required to pay a base rent and its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises.

Future minimum lease payments total \$41,641 and include the following payments for the next two years: 2016 - \$22,713 and 2017 - \$18,928.

Rental incentives of approximately \$15,500 were given by the landlord over the first six months of a lease amending agreement dated March 24, 2010. These incentives are expensed on a straight-line basis over the original five year lease term. Rental incentives have been fully amortized as at December 31, 2015.

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7. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as at December 31, 2015.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization considers that it maintains sufficient cash balances and marketable securities to meet its current and medium term financial needs.

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## COLON CANCER CANADA/CANCER DU COLON CANADA

### Notes to Financial Statements

Year Ended December 31, 2015

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#### 7. FINANCIAL INSTRUMENTS *(continued)*

##### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its investment in term bonds and guaranteed investment certificates.

##### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investment in quoted shares and mitigates this risk by using the services of professional investment advisors.

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#### 8. Allocation of Expenses

The Organization has allocated its common expenses, consisting mainly of salaries, printing, marketing and staff travel expenses, as follows:

	<u>2015</u>	<u>2014</u>
Programs	\$ 272,471	\$ 70,480
Administration	116,893	80,873
Public awareness and outreach	97,055	97,364
Cost of raising funds	<u>84,627</u>	<u>70,235</u>
Total	<u>\$ 571,046</u>	<u>\$ 318,952</u>

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#### 9. COMPARATIVE FIGURES

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

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