

**25**  
YEARS  
+you | **kids**  
**cancer care**

**KIDS CANCER CARE FOUNDATION OF ALBERTA**

# **Financial Statements**

**JANUARY 31, 2020**

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# Celebrating 25 years of better tomorrows

## A Message from our Founder and CEO

**Dear Friend,**

**I'm pleased to share with you the 25<sup>th</sup> anniversary edition of our 2019-2020 annual report. We have achieved a lot together in 25 years.**

When we celebrated our 25<sup>th</sup> anniversary year in 2019, I never dreamed we would be rebuilding our foundation from the ground up in 2020. We didn't know words like COVID-19 or coronavirus. Nor did we use words such as self-isolating, social distancing or PPEs in casual conversation. We never imagined we'd be laying off nearly half of our staff.

COVID-19 has irrevocably changed our world, but one thing remains constant – cancer. In the midst of a global pandemic, parents are still hearing the words, “Your child has cancer,” for the first time.

Today, in Alberta, hundreds of children are fighting for their lives. They are enduring toxic cancer treatments that are wiping out their immune systems and causing irreparable damage, which may rear its head later as a chronic or life-threatening health condition. It may be cardiovascular issues or pulmonary conditions. It may be a learning disorder.

Their fragile health and weakened immune systems leave them incapable of fighting the slightest cold or flu, never mind a contagion like COVID-19 in a global pandemic. These families are scared and isolated. They have been self-isolating for months, sometimes years, but now they're really frightened. They are frightened of what this virus could do to their child's frail body.

These children and families need us.

Children affected by cancer need a community, because cancer is going to do everything in its power to alienate these kids from everything that was innocent and normal in their childhood.

These kids will not have normal childhoods. Their lives and the lives of their families, will never be normal again. They will need help to rebuild their lives and our programs are designed to help them rebuild, while restoring hope for tomorrow.

“ I imagine a world where there is a cure for every child and I believe this is a world we can create together. ”

–Christine McIver, Founder & CEO

These kids need us today and they will need us tomorrow. And, I promise you, we will be here for them. We will rebuild this foundation and we will be there for families for another 25 years. We will be here for as long as the words children and cancer appear together in the same sentence.

Our vision is to provide a cure for every child and care for every family. I believe in the next 25 years, there will be a cure for all childhood cancers. A cure that doesn't take so much from the very life it gives. A cure that doesn't cripple or blind or disadvantage and disable children.

I imagine a world where there is a vaccine for children that pre-empts cancer and stops it in its tracks. This may sound like a dream, but it may not be that far off in the future. A University of Calgary researcher that we fund is only a few years away from bringing a vaccine for pediatric leukemia to clinical trials.

Researchers across the globe are working in the field of immunotherapy, developing therapies that boost the child's immune system to fight cancer without causing devastating health problems.

I imagine a world where there is a cure for every child and I believe this is a world we can create together. We have been creating this world together for the past 25 years.

What we have built, we have built with you – the generous individuals and companies of Alberta. As our fundraising events and Camp Kindle rentals cancel due to COVID-19, we are losing our only source of revenue.

We need you. We need you to stand by us as we rebuild for the future.

I believe in the resilience of the human spirit and the strength of human compassion. I believe in human kindness and generosity and I believe that a cure for childhood cancer is within reach. I believe a better world for children with cancer is possible in our lifetime.

Let's build that world together.

Sincerely,

**Christine McIver, M.S.M., LLD (Hon), CFRE**

*Founder and Chief Executive Officer*

# Independent Auditor's Report

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## To: The Directors 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, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at January 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Accounting Standards for Not for Profit Organizations "ASNPO".

### OTHER MATTER

The financial statements of Kids Cancer Care Foundation of Alberta for the year ended January 31, 2019 were audited by another auditor who expressed an unqualified opinion on those statements on May 22, 2019.

### 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 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 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 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 to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 Foundation'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 Foundation 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.

CALGARY, ALBERTA  
MAY 27, 2020

*Catalyst LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

KIDS CANCER CARE FOUNDATION OF ALBERTA  
**Statement of Financial Position**  
 JANUARY 31, 2020

|  | 2020                 | 2019          |
|--|----------------------|---------------|
| <b>Assets</b>                            |                      |               |
| <b>Current</b>                           |                      |               |
| Cash and cash equivalents                | \$ 1,186,443         | \$ 1,097,858  |
| Restricted cash (Note 4)                 | 126,771              | 75,000        |
| Short-term investments (Note 5)          | 3,773,754            | 3,760,000     |
| Accounts receivable                      | 143,112              | 96,877        |
| Goods and services tax recoverable       | 7,143                | 8,927         |
| Prepaid expenses                         | 88,626               | 137,384       |
|  | <b>5,325,849</b>     | 5,176,046     |
| <b>Property and equipment (Note 6)</b>   | <b>8,483,311</b>     | 8,993,866     |
|  | <b>\$ 13,809,160</b> | \$ 14,169,912 |
| <b>Liabilities and net assets</b>        |                      |               |
| <b>Current</b>                           |                      |               |
| Accounts payable and accrued liabilities | \$ 337,311           | \$ 295,581    |
| Unearned revenue                         | 145,221              | 125,190       |
|  | <b>482,532</b>       | 420,771       |
| Deferred contributions (Note 8)          |                      |               |
| Related to operations                    | 126,771              | 78,742        |
| Related to property and equipment        | 7,679,016            | 8,134,814     |
| Lease inducement (Note 15)               | 712,118              | 619,304       |
|  | <b>9,000,437</b>     | 9,253,631     |
| <b>Net Assets</b>                        |                      |               |
| Invested in property and equipment       | 804,295              | 859,052       |
| Internally restricted (Note 11)          | 3,000,000            | 3,000,000     |
| Unrestricted                             | 1,004,428            | 1,057,229     |
|  | <b>4,808,723</b>     | 4,916,281     |
|  | <b>\$ 13,809,160</b> | \$ 14,169,912 |

Approved on behalf of the Board

 Director

 Director

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

KIDS CANCER CARE FOUNDATION OF ALBERTA  
**Statement of Operations**  
 FOR THE YEAR ENDED JANUARY 31, 2020

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| <b>Revenues (Note 12)</b>   |                     |                     |
| Fundraising   |                     |                     |
| General   | \$ 2,785,685        | \$ 2,550,557        |
| Camp and outreach programs  | 979,150             | 1,082,665           |
| Research  | 483,937             | 1,081,010           |
| Education support and scholarship (Note 7)  | 68,350              | 85,942              |
| Gifts-in-kind   | 49,386              | 133,841             |
| Hospital programs   | 3,675               | 3,992               |
| Camp Kindle rental operations   | 663,208             | 660,167             |
| Amortization of deferred contributions related to property and equipment (Note 8) | 526,237             | 561,702             |
| Other revenue   | 106,600             | 86,454              |
|   | <b>5,666,228</b>    | 6,246,330           |
| <b>Expenses</b>   |                     |                     |
| Camp and outreach programs (Note 9)   | 2,175,736           | 2,095,422           |
| Fundraising (Note 13)   | 1,288,728           | 1,522,260           |
| General and administrative  | 845,219             | 802,800             |
| Research  | 555,848             | 1,299,710           |
| Camp Kindle rental operations (Note 10)   | 257,035             | 264,333             |
| Public awareness and education  | 203,069             | 233,958             |
| Volunteer programs  | 146,398             | 136,647             |
| Education support and scholarships  | 105,884             | 106,198             |
| Gifts-in-kind   | 49,386              | 133,841             |
| Hospital programs   | 28,215              | 11,117              |
| Amortization  | 118,268             | 58,911              |
|   | <b>5,773,786</b>    | 6,665,197           |
| <b>Deficiency of revenues over expenses for the year</b>                          | <b>\$ (107,558)</b> | <b>\$ (418,867)</b> |

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



KIDS CANCER CARE FOUNDATION OF ALBERTA  
**Statement of Changes in Net Assets**  
 FOR THE YEAR ENDED JANUARY 31, 2020

|   | Invested in<br>Property and<br>Equipment | Internally<br>Restricted | Unrestricted        | 2020                | 2019                |
|---|--|--------------------------|---------------------|---------------------|---------------------|
| Net assets, beginning of year                   | \$ 859,052                               | \$ 3,000,000             | \$ 1,057,229        | <b>\$ 4,916,281</b> | \$ 5,335,148        |
| Excess (deficiency) of revenue<br>over expenses | (156,115)                                | -                        | 48,557              | <b>(107,558)</b>    | (418,867)           |
| Net acquisition of property<br>and equipment    | 97,063                                   | -                        | (97,063)            | -                   | -                   |
| Contributions deferred                          | 4,295                                    | -                        | (4,295)             | -                   | -                   |
| <b>Net assets, end of year</b>                  | <b>\$ 804,295</b>                        | <b>\$ 3,000,000</b>      | <b>\$ 1,004,428</b> | <b>\$ 4,808,723</b> | <b>\$ 4,916,281</b> |

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

KIDS CANCER CARE FOUNDATION OF ALBERTA  
**Statement of Cash Flows**  
 FOR THE YEAR ENDED JANUARY 31, 2020

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                              |                     |                     |
| Deficiency of revenues over expenses for the year                        | \$ (107,558)        | \$ (418,867)        |
| Items not affecting cash:  |                     |                     |
| Amortization   | 682,352             | 659,529             |
| Amortization of deferred contributions related to property and equipment | (526,237)           | (561,702)           |
| Change in deferred contributions related to operations                   | 48,029              | (614,844)           |
| Lease inducements (Note 15)  | 92,814              | 32,354              |
|  | <b>189,400</b>      | (903,530)           |
| Change in non-cash working capital items                                 |                     |                     |
| Accounts receivable  | (46,235)            | (40,339)            |
| Goods and services tax recoverable                                       | 1,784               | 1,002               |
| Prepaid expenses   | 48,758              | (89,803)            |
| Accounts payable and accrued liabilities                                 | 41,730              | 66,955              |
| Unearned revenue   | 20,031              | (15,735)            |
| Cash flows from (used by) operating activities                           | <b>255,468</b>      | (981,450)           |
| <b>Cash flows from investing activities</b>                              |                     |                     |
| Purchase of short term investments                                       | (3,773,754)         | (3,760,000)         |
| Redemption of short term investments                                     | 3,760,000           | 4,280,000           |
| Purchase of property and equipment                                       | (160,684)           | (243,278)           |
| Cash flows from (used by) investing activities                           | <b>(174,438)</b>    | 276,722             |
| <b>Cash flows from financing activity</b>                                |                     |                     |
| Contributions received for acquisition of property and equipment         | 59,326              | 38,309              |
| <b>Increase (decrease) in cash and cash equivalents</b>                  | <b>140,356</b>      | (666,419)           |
| <b>Cash and cash equivalents, beginning of year</b>                      | <b>1,172,858</b>    | 1,839,277           |
| <b>Cash and cash equivalents, end of year</b>                            | <b>\$ 1,313,214</b> | \$ 1,172,858        |
| <b>Cash and cash equivalents consists of:</b>                            |                     |                     |
| Unrestricted   | \$ 1,186,443        | \$ 1,097,858        |
| Restricted (Note 4)  | 126,771             | 75,000              |
|  | <b>\$ 1,313,214</b> | <b>\$ 1,172,858</b> |

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

KIDS CANCER CARE FOUNDATION OF ALBERTA  
**Notes to the Financial Statements**  
FOR THE YEAR ENDED JANUARY 31, 2020

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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 affected by cancer 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.

## **2. Change in accounting policies**

### **Section 4433 – Tangible Capital Assets Held by Not-for-Profit Organizations**

In March 2018, the Accounting Standards Board (AcSB) introduced Section 4433 of the CPA Canada Handbook to increase consistency in the recognition, measurement, and disclosure of collections and capital assets by not-for-profit organizations. The new standard is effective for periods beginning on or after January 1, 2019.

These changes had no impact on the Foundation’s financial statements.

### 3. 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:

#### (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. Unearned revenue relates to funds collected for future camp rentals and fundraising events. Deferred contributions from operations relates to funds designated to support specific events and programs.

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:

##### Office:

|                                 |               |
|---------------------------------|---------------|
| Leasehold improvements          | Term of lease |
| Furniture and equipment         | 5 years       |
| Computer equipment and software | 2 – 3 years   |
| Vehicles                        | 5 years       |

##### Camp Kindle:

|                   |               |
|-------------------|---------------|
| Buildings         | 12 – 25 years |
| Land improvements | 15 – 20 years |
| Aquatic centre    | 15 – 20 years |
| Equipment         | 5 years       |
| Challenge Course  | 10 years      |

#### (D) CONTRIBUTED GOODS AND SERVICES

Contributions of 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. These estimates include the useful life of property and equipment, timing of revenue recognition and reporting of lease inducements.

## 4. Restricted cash

Restricted cash includes \$99,982 of unspent gaming funds received as a donation from third parties and are therefore restricted by Alberta Gaming and Liquor Commission plus \$26,789 of donor designated non-gaming contributions. The Foundation maintains a separate bank account for casino funds.

Unused restricted cash of \$126,771 is included in deferred contributions, consisting of \$54,771 for Camp and Outreach programs and \$72,000 of unrestricted gaming monies (Note 8).

## 5. Short-term investments

|   | 2020         | 2019         |
|---|--------------|--------------|
| GIC, with an annual interest rate of 2.15%, maturing February 7, 2020 | \$ 625,000   | \$ -         |
| GIC, with an annual interest rate of 2.15%, maturing February 7, 2020 | 625,000      | -            |
| GIC, with an annual interest rate of 1.95%, maturing May 5, 2020      | 523,754      | -            |
| GIC, with an annual interest rate of 1.95%, maturing February 7, 2020 | 500,000      | -            |
| GIC, with an annual interest rate of 1.95%, maturing March 6, 2020    | 500,000      | -            |
| GIC, with an annual interest rate of 1.95%, maturing April 7, 2020    | 500,000      | -            |
| GIC, with an annual interest rate of 1.95%, maturing May 5, 2020      | 500,000      | -            |
| GIC, with an annual interest rate of 1.90%, matured                   | -            | 1,250,000    |
| GIC, with an annual interest rate of 2.10%, matured                   | -            | 1,000,000    |
| GIC, with an annual interest rate of 1.85%, matured                   | -            | 500,000      |
| GIC, with an annual interest rate of 2.20%, matured                   | -            | 510,000      |
| GIC, with an annual interest rate of 2.15%, matured                   | -            | 500,000      |
|   | \$ 3,773,754 | \$ 3,760,000 |

Subsequent to year-end, the GICs maturing February 2020 were reinvested into two GICs: one of \$500,000 with an annual interest rate of 1.89% and maturing August 2020 and one of \$1,250,000 with a floating interest rate of 1.95% as of year-end and maturing February 2021. The GIC maturing March 2020 was reinvested into a GIC of \$500,000 with an annual interest rate of 1.35% and maturing August 2020. In April, a GIC maturing in April, as well as two GICs scheduled to mature in February 2021 were reinvested in cashable GICs with an interest rate of 0.90% maturing in April 2021.

## 6. Property and equipment

|                                 |               |                          | 2020                | 2019           |
|---------------------------------|---------------|--------------------------|---------------------|----------------|
|                                 | Cost          | Accumulated Amortization | Net Book Value      | Net Book Value |
| Office:                         |               |                          |                     |                |
| Leasehold improvements          | \$ 586,950    | \$ 62,035                | \$ <b>524,915</b>   | \$ 582,178     |
| Furniture and equipment         | 280,952       | 168,381                  | <b>112,571</b>      | 113,789        |
| Computer equipment and software | 279,904       | 259,202                  | <b>20,702</b>       | 22,531         |
| Vehicles                        | 9,009         | 5,405                    | <b>3,604</b>        | 5,406          |
| Camp Kindle:                    |               |                          |                     |                |
| Buildings                       | 9,056,900     | 3,335,418                | <b>5,721,482</b>    | 6,097,074      |
| Land improvements               | 1,186,271     | 332,181                  | <b>854,090</b>      | 833,712        |
| Land                            | 695,285       | -                        | <b>695,285</b>      | 695,285        |
| Aquatic centre                  | 750,858       | 280,165                  | <b>470,693</b>      | 508,438        |
| Equipment                       | 549,599       | 498,846                  | <b>50,753</b>       | 95,371         |
| Furniture and fixtures          | 154,222       | 129,766                  | <b>24,456</b>       | 7,595          |
| Challenge Course                | 257,268       | 254,508                  | <b>2,760</b>        | 28,487         |
| Vehicles                        | 34,643        | 32,643                   | <b>2,000</b>        | 4,000          |
|                                 | \$ 13,841,861 | \$ 5,358,550             | \$ <b>8,483,311</b> | \$ 8,993,866   |

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

The Kids Cancer Care Derek Wandzura Memorial Scholarship Fund is an endowed fund owned and administered 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, 2020 is \$636,260 (2019: \$591,990).

## 8. 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

| 2020   | Camp and Outreach | Research | Education Support and Scholarships | Total     |
|--|-------------------|----------|------------------------------------|-----------|
| <b>Balance, beginning of year</b>                | \$ 75,000         | \$ -     | \$ 3,742                           | \$ 78,742 |
| <b>Amount added during the year:</b>             |                   |          |                                    |           |
| Cash   | 1,054,150         | 483,936  | 64,608                             | 1,602,694 |
| Gifts-in-kind                                    | -                 | 21,050   | -                                  | 21,050    |
|  | 1,129,150         | 504,986  | 68,350                             | 1,702,486 |
| <b>Amounts utilized during the year:</b>         |                   |          |                                    |           |
| <b>Camp and Outreach</b>                         | 1,074,379         | -        | -                                  | 1,074,379 |
| <b>Research</b>                                  | -                 | 483,936  | -                                  | 483,936   |
| <b>Scholarship awards</b>                        | -                 | -        | 24,000                             | 24,000    |
| <b>Transfer to endowment</b>                     | -                 | -        | 7,747                              | 7,747     |
| <b>Education support</b>                         | -                 | -        | 33,075                             | 33,075    |
| <b>Administration</b>                            | -                 | -        | 3,528                              | 3,528     |
| <b>Subtotal</b>                                  | 54,771            | 483,936  | 68,350                             | 607,057   |
| <b>Utilizations contributed by gifts-in-kind</b> | -                 | 21,050   | -                                  | 21,050    |
| <b>Balance, end of year</b>                      | \$ 54,771         | \$ -     | \$ -                               | \$ 54,771 |

In addition to the donor designated deferred contributions of \$54,771 above, the Foundation received \$72,000 of unrestricted gaming monies immediately before year-end which have also been included as deferred contributions for operations.

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

## B) RELATED TO PROPERTY AND EQUIPMENT

| 2020  | Camp Kindle  | Office    | Total        |
|---|--------------|-----------|--------------|
| Balance, beginning of year                        | \$ 8,112,967 | \$ 21,847 | \$ 8,134,814 |
| Amount added during the year:                     |              |           |              |
| Cash  | 57,276       | 2,050     | 59,326       |
| Gifts-in-kind                                     | 5,514        | 5,599     | 11,113       |
| Subtotal  | 8,175,757    | 29,496    | 8,205,253    |
| Amounts utilized during the year for amortization | 519,245      | 6,992     | 526,237      |
| Balance, end of year                              | \$ 7,656,512 | \$ 22,504 | \$ 7,679,016 |
| 2019  | Camp Kindle  | Office    | Total        |
| 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  | 8,669,207    | 27,309    | 8,696,516    |
| Amounts utilized during the year for amortization | 556,240      | 5,462     | 561,702      |
| Balance, end of year                              | \$ 8,112,967 | \$ 21,847 | \$ 8,134,814 |

### 9. Camp and outreach programs

Camp and outreach programs expenses include amortization expense in the amount of \$564,085 (2019: \$600,618) as related to the assets in use at Camp Kindle.

### 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.

### 11. Internally restricted reserve

The Foundation has established a combined internally restricted operating and capital reserve of \$3,000,000 (2019: \$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.



## 12. Contribution by funding source

Contributions received by major funding source are as follows:

|                                    | 2020             | 2019             |
|------------------------------------|------------------|------------------|
| Foundation fundraising events      | \$ 1,101,471     | \$ 1,098,469     |
| Community fundraising events       | 1,151,929        | 1,541,094        |
| Other not for profit               | 1,442,067        | 822,914          |
| Individual and corporate donations | 639,109          | 734,166          |
| Camp Kindle rental operations      | 663,208          | 660,167          |
| Government grants                  | 93,576           | 30,988           |
| Investments and other              | 106,600          | 86,454           |
| <b>Total contributions</b>         | <b>5,197,960</b> | <b>4,974,252</b> |

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

**Add:**

|  |           |           |
|--|-----------|-----------|
| Gifts-in-kind                              | 49,386    | 133,841   |
| Opening deferred contributions related to: |           |           |
| Operations (Note 8)                        | 78,742    | 693,586   |
| Property and equipment (Note 8)            | 8,134,814 | 8,651,115 |
| Change in deferred contributions:          |           |           |
| Gifts-in-kind for property and equipment   | 11,113    | 7,092     |

**Deduct:**

|  |             |             |
|--|-------------|-------------|
| Closing deferred contributions related to: | -           | -           |
| Operations (Note 8)                        | (126,771)   | (78,742)    |
| Property and equipment (Note 8)            | (7,679,016) | (8,134,814) |

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Revenue reported in Statement of Operations</b> | <b>\$ 5,666,228</b> | <b>\$ 6,246,330</b> |
|--|---------------------|---------------------|

## 13. Fundraising

All expenses incurred for the purpose of soliciting contributions were \$1,288,728 (2019: \$1,522,260).

A total of \$nil (2019: \$nil) was paid as remuneration to a fundraising business in the year. The Foundation paid \$816,436 in the year (2019: \$937,740) for remuneration to employees for fundraising activities.

## 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 market 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 from its financial instruments.

## 15. Lease inducement and commitments

The Foundation has a lease agreement on its current office premise that expires in March 2029. The landlord provided the Foundation with a moving allowance of \$23,478, tenant improvements of \$586,950 as well as a rent-free period from April 2019 to December 2019.

Rent expense is 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 \$712,118 as of January 31, 2020, summarized as follows:

|                                   | 2020       | 2019       |
|-----------------------------------|------------|------------|
| Lease inducements                 | \$ 619,304 | \$ 610,428 |
| Amortization of lease inducements | (59,554)   | (4,963)    |
| Impact of rent-free period        | 152,368    | 13,839     |
|                                   | \$ 712,118 | \$ 619,304 |

The Foundation has minimum lease commitments under an office lease that expires in March 2029. Minimum payments for the 10-year lease agreement are as follows:

|                              |              |
|------------------------------|--------------|
| 2020 – 2021                  | \$ 164,346   |
| 2021 – 2022                  | 171,683      |
| 2022 – 2023                  | 173,150      |
| 2023 – 2024                  | 180,487      |
| 2024 – 2025                  | 181,955      |
| Thereafter                   | 816,839      |
| Total minimum lease payments | \$ 1,688,460 |

## 16. Subsequent events

In January 2020, the World Health Organization declared the COVID-19 outbreak to be a “Public Health Emergency of International Concern”. As the outbreak spread to Canada, national and provincial governments imposed measures resulting in disruption to day-to-day activities of both individuals and businesses. In March 2020, the Province of Alberta declared a state of public emergency in response to the COVID-19 outbreak. As a result, several measures have been imposed to slow the spread of the virus including the implementation of travel bans, restrictions on gatherings, and mandated social distancing.

In March 2020, in light of the uncertain and rapidly evolving situation relating to the spread of the COVID-19 virus, Kids Cancer Care took precautionary measures to minimize the risk of the virus to its clients, its employees and the communities in which it operates. These measures include the cancellation of all spring camp programs and camp rentals, the indefinite cancellation of all face-to-face outreach programs, the cancellation of all spring fundraising events, and the implementation of technology to enable staff to work from home. These measures could negatively impact the Foundation’s operations and a contingency plan has been developed to mitigate the risk of losses.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time. The extent of the impact of COVID-19 on the Foundation’s operational and financial results will depend on the duration and spread of the outbreak, the impact on supporters and families served by the Foundation, and the efficacy of government assistance programs for charities impacted by COVID-19, all of which remain uncertain. As a result, the financial impact of the COVID-19 pandemic cannot be reasonably estimated at this time.