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independent auditor's report

To the members of Kids Cancer Care Foundation of Alberta:

Report on the financial statements

We have audited the accompanying financial statements of Kids Cancer Care Foundation of Alberta, which is comprised of the statement of financial position as at January 31, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Basis for qualified opinion

In common with many charitable organizations, the Foundation derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Kids Cancer Care Foundation of Alberta as at January 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thompson Penner & Lo LLP

Thompson Penner & Lo LLP

Certified General Accountants
May 23, 2012
Calgary, Alberta, Canada

statement of financial position

As at January 31, 2012

	2012	2011
ASSETS		
Current		
Cash and cash equivalents	\$ 2,278,250	\$ 1,657,278
Short term investments (note 4)	1,700,000	1,045,000
Accounts receivable (note 5)	48,383	879,115
Goods and Services Taxes recoverable	85,021	24,185
Prepaid expenses	50,214	35,024
	4,161,868	3,640,602
Property and equipment (note 6)	4,455,780	2,090,339
	\$ 8,617,648	\$ 5,730,941
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,379,339	\$ 264,953
Unearned revenue	85,140	55,320
Current portion of long term debt (note 7)	105,989	101,526
	1,570,468	421,799
Long term debt (subject to demand) (note 7)	756,867	862,901
	2,327,335	1,284,700
Deferred contributions (note 11)		
Related to operations	1,812,998	1,709,386
Related to property and equipment	2,410,767	1,043,003
	6,551,100	4,037,089
Net assets		
Invested in property and equipment	1,182,157	82,909
Unrestricted	884,391	1,610,943
	2,066,548	1,693,852
	\$ 8,617,648	\$ 5,730,941

Approved on behalf of the Board:



Crispin Arthur
Chair, Board of Directors



Jackie Altwasser
Chair, Finance and Audit Committee

The accompanying notes form an integral part of the financial statements.

statement of operations

For the year ended January 31, 2012

	2012	2011
REVENUE		
Fundraising		
General	\$ 1,429,705	\$ 1,146,086
Camp and Community programs	1,208,004	1,102,982
Research	698,379	821,836
Scholarship and Endowment Fund (note 8)	77,245	148,459
Capital campaign	64,862	98,470
Hospital program	25,078	29,348
Amortization of deferred contributions related to property and equipment (note 11)	945,667	271,904
Gifts-in-Kind	681,483	105,315
Camp Kindle rental income	167,114	166,201
Other revenue	28,146	7,457
Total revenue (note 12)	5,325,683	3,898,058
EXPENSES		
Camp and Community programs (note 9)	1,570,704	1,324,756
Foundation's fundraising activities	1,004,070	968,948
Gifts-in-Kind	681,483	105,315
Research	600,000	724,911
General and administrative	418,292	386,926
Public awareness and education	182,880	172,106
Volunteer program	118,319	117,612
Hospital program	98,884	115,476
Camp Kindle rental operations (note 10)	98,659	125,187
Scholarship endowments and awards	77,245	96,324
Capital campaign - Camp Kindle	64,862	98,470
Amortization	37,589	39,479
Total expense	4,952,987	4,275,510
Excess (deficiency) of revenue over expenses	\$ 372,696	\$ (377,452)

statement of changes in net assets

For the year ended January 31, 2012

	Invested in property and equipment	Unrestricted	2012	2011
Net assets, beginning of year	\$ 82,909	\$ 1,610,943	\$ 1,693,852	\$ 2,071,304
Excess (deficiency) of revenue over expenses	346,635	26,061	372,696	(377,452)
Acquisition of property and equipment	651,043	(651,043)	-	-
Repayment of debt	101,570	(101,570)	-	-
Net assets, end of year	\$ 1,182,157	\$ 884,391	\$ 2,066,548	\$ 1,693,852

The accompanying notes form an integral part of the financial statements.

statement of cash flows

For the year ended January 31, 2012

	2012	2011
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 372,696	\$ (377,452)
Non-cash transactions		
Write down of assets (note 9)	495,420	-
Amortization	103,612	395,228
Utilizations of deferred contributions related to property and equipment (note 11)	(945,666)	(271,904)
	26,062	(254,128)
Changes in non-cash working capital		
Accounts receivable	830,732	(761,189)
Goods and Services Taxes recoverable	(60,836)	(3,770)
Prepaid expenses	(15,190)	19,998
Accounts payable and accrued liabilities	115,244	201,154
Unearned revenue and other liabilities	29,820	(13,792)
Deferred contributions related to operations	103,612	311,390
	1,029,444	(500,337)
FINANCING ACTIVITIES		
Repayment of long term debt	(101,571)	(96,298)
Contributions received for acquisitions of property and equipment (note 11)	2,293,775	1,213,762
	2,192,204	1,117,464
INVESTING ACTIVITIES		
Purchase of short term investments	(655,000)	(1,045,000)
Acquisition of property and equipment	(1,945,676)	(363,646)
	(2,600,676)	(1,408,646)
Increase (decrease) in cash	620,972	(791,519)
Cash and cash equivalents, beginning of year	1,657,278	2,448,797
Cash and cash equivalents, end of year	\$ 2,278,250	\$ 1,657,278
Cash and cash equivalents consist of:		
Cash	\$ 1,098,515	\$ 621,421
Money market portfolio	1,179,735	1,035,857
	\$ 2,278,250	\$ 1,657,278

The accompanying notes form an integral part of the financial statements.

notes to the financial statements

For the year ended January 31, 2012

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. It is a registered charity under the Income Tax Act. Therefore, under Section 149, the Foundation is not subject to the payment of income taxes.

The Foundation dedicates fundraising efforts to four areas:

Camp and community

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 this research directly impact 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 assistance. 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 post-secondary education program, be it a university, college or technical education. See also Note 8.

2. significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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.

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.

2. significant accounting policies (continued)

c) Property and equipment

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

Automobile	5 years	Straight line
Computer equipment	3 years	Straight line
Furniture, fixtures, and equipment	5 years	Straight line
Leasehold improvements	Term of lease	Straight line
Camp Kindle - Buildings	5 - 20 years	Straight line
Camp Kindle - Challenge course	10 years	Straight line
Camp Kindle - Equipment	5 years	Straight line

d) Contributed goods and services

Volunteers contribute many hours per year to assist the Foundation in carrying out its service and fundraising activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed goods are recognized where their fair value is readily determinable.

e) Financial instruments

Financial assets are classified as held for trading and carried at their fair value. Unrealized gains and losses on trading assets are recognized as part of the excess of revenue over expenses. Financial liabilities are carried at cost. The fair value of these financial instruments is based on current interest rates, market values, and pricing of financial instruments with comparative terms.

f) Measurement uncertainty

Under Canadian generally accepted accounting principles, an important concept in the preparation of financial statements is the use of estimates in the determination of assets, liabilities, revenues, expenses and excess (deficit) 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.

3. accounting standards changes

During the year, the Accounting Standards Board issued new accounting standards for not-for-profit organizations which must be adopted for years beginning on or after January 1, 2012. Management is currently reviewing the standards to determine the potential effect of these new standards on the financial statements of the Foundation, but it currently appears that the changes will not be significant.

4. short term investments

	2012	2011
Cashable GIC, prime-linked interest rate, maturing July 2012	\$ 1,700,000	\$ 1,045,000

5. accounts receivable

Accounts receivable includes an amount of Nil (2011: \$803,551) from the Faculty of Medicine, University of Calgary (the Faculty). The 2011 amount represents the return to the Foundation of funding previously provided to the Faculty that the Faculty has not been able to utilize as intended.

Kids Cancer Care Foundation of Alberta
notes to the financial statements
For the year ended January 31, 2012

6. property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2012	2011	2012	2011	2012	2011
Automobile	\$ 8,778	\$ 8,778	\$ 4,311	\$ 2,556	\$ 4,467	\$ 6,222
Computer equipment	89,588	84,622	74,200	46,323	15,388	38,299
Furniture and fixtures	82,764	82,764	74,185	67,707	8,579	15,057
Leasehold improvements	10,350	10,350	10,350	8,871	-	1,479
Camp Kindle - Buildings	3,847,924	1,714,116	343,894	642,599	3,504,030	1,071,517
Camp Kindle - Challenge Course	250,368	250,368	50,074	25,037	200,294	225,331
Camp Kindle - Equipment	47,061	47,061	19,324	9,912	27,737	37,149
Camp Kindle - Land	695,285	695,285	-	-	695,285	695,285
	\$ 5,032,118	\$ 2,893,344	\$ 576,338	\$ 803,005	\$ 4,455,780	\$ 2,090,339

7. long term debt

	2012	2011
Royal Bank loan payable in monthly instalments of \$11,912 (2011: \$11,956), including interest at Royal Bank prime plus 1.6% (2011: Royal Bank prime plus 1.5%) per annum - current year effective rate of 4.6% (2011: 3.84%), maturing in August 2012, renewable annually. The loan is secured against the Camp Kindle property.	\$ 862,856	\$ 964,427
Less current portion	105,989	101,526
Long term portion – because the loan was refinanced subsequent to year end with term financing as disclosed in note 13, it is classified as long term.	\$ 756,867	\$ 862,901

8. KCC Derek Wandzura Memorial Scholarship fund

The KCC Derek Wandzura Memorial Scholarship 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 \$64,605 (2011: \$87,348). The fund was established on January 31, 2008.

The interest earned from the fund 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 of January 31, 2012 is \$321,331 (2011: \$249,349).

9. camp and community programs

Camp and Community program expenses include amortization expense in the amount of \$66,023 (2011: \$355,749) as related to the assets in use at Camp Kindle. A further amount of \$495,420 (2011: \$Nil) related to demolished buildings at Camp Kindle has been written off in the year.

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.

Kids Cancer Care Foundation of Alberta
notes to the financial statements
For the year ended January 31, 2012

11. 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

2012	Camp and Community	Camp Kindle	Research	DW Scholarship Fund	Total
Balance, beginning of the year	\$ 20,405	\$ -	\$ 1,665,291	\$ 23,690	\$ 1,709,386
Amount added during the year					
Cash	1,708,032	64,862	298,165	81,043	2,152,102
Gifts-in-kind	560,323	-	46,598	-	606,921
	2,288,760	64,862	2,010,054	104,733	4,468,409
Amounts utilized during the year for:					
Camp and Community	1,009,039	-	-	-	1,009,039
Research	-	-	600,000	-	600,000
Transfer to The Calgary Foundation	-	-	-	64,605	64,605
Scholarship awards	-	-	-	11,000	11,000
Administration	-	-	-	1,640	1,640
Direct event costs	198,965	64,862	98,379	-	362,206
Subtotal	1,208,004	64,862	698,379	77,245	2,048,490
Utilizations contributed by gifts-in-kind	560,323	-	46,598	-	606,921
Balance, end of the year	\$ 520,433	\$ -	\$ 1,265,077	\$ 27,488	\$ 1,812,998

2011	Camp and Community	Camp Kindle	Research	DW Scholarship Fund	Total
Balance, beginning of the year	\$ 110,155	\$ -	\$ 1,275,542	\$ 12,299	\$ 1,397,996
Amount added during the year					
Cash	1,013,232	98,470	1,211,585	159,850	2,483,137
Gifts-in-kind	68,211	-	4,500	-	72,711
	1,191,598	98,470	2,491,627	172,149	3,953,844
Amounts utilized during the year for:					
Camp and Community	978,938	-	-	-	978,938
Research	-	-	724,911	-	724,911
Transfer to The Calgary Foundation	-	-	-	87,348	87,348
Scholarship awards	-	-	-	8,000	8,000
Administration	-	-	-	976	976
Direct event costs	124,044	98,470	96,925	52,135	371,574
Subtotal	1,102,982	98,470	821,836	148,459	2,171,747
Utilizations contributed by gifts-in-kind	68,211	-	4,500	-	72,711
Balance, end of the year	\$ 20,405	\$ -	\$ 1,665,291	\$ 23,690	\$ 1,709,386

Kids Cancer Care Foundation of Alberta
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For the year ended January 31, 2012

11. deferred contributions (continued)

b) Related to property and equipment

	2012			2011		
	General	Camp Kindle	Total	General	Camp Kindle	Total
Balance, beginning of the year	\$ 23,921	\$ 1,019,082	\$ 1,043,003	\$ 4,531	\$ 96,614	\$ 101,145
Amount added during the year						
Cash	-	2,293,775	2,293,775	30,484	1,183,278	1,213,762
Gifts-in-kind	-	19,656	19,656	-	-	-
	23,921	3,332,513	3,356,434	35,015	1,279,892	1,314,907
Amounts utilized during the year for amortization	10,961	934,706	945,667	11,094	260,810	271,904
Balance, end of the year	\$ 12,960	\$ 2,397,807	\$ 2,410,767	\$ 23,921	\$ 1,019,082	\$ 1,043,003

12. contributions by funding source

Contributions received by major funding source are as follows:

	2012	2011
Capital campaign	\$ 2,358,638	\$ 1,281,748
Foundation fundraising events	1,524,547	1,292,722
Community fundraising events	1,212,315	957,489
Other not-for-profits	379,848	255,729
Individual and corporate donations	314,485	259,473
Camp Kindle rental operations	167,475	166,201
Government grants	94,390	40,477
Investments	44,222	4,836
Total contributions	6,095,920	4,258,675
Total contributions are reconciled to Statement of Operations as follows:		
Add:		
Gifts-in-kind	681,483	105,315
Opening deferred contributions related to:		
Operations	1,709,386	1,397,996
Property and equipment	1,043,003	101,145
Change in deferred contributions; gifts-in-kind for property and equipment	19,656	-
Change in deferred contributions; return from the Faculty (note 5)	-	803,551
Deduct:		
Closing deferred contributions related to:		
Operations	(1,812,998)	(1,709,386)
Property and equipment	(2,410,767)	(1,043,003)
Other	-	(16,235)
Revenue reported in Statement of Operations	\$ 5,325,683	\$ 3,898,058

All expenses incurred for the purposes of soliciting contributions were \$1,063,573 (2011: \$1,078,064).

No fees were paid as remuneration to fundraising businesses, including any expenses or fees paid by the Foundation to fundraising businesses or as reimbursements to fundraising businesses. The Foundation paid \$615,764 of remuneration to employees for fundraising activities in 2012 (2011 - \$579,562).

13. new camp kindle commitments and subsequent event

The construction of facilities at Camp Kindle, which began in 2011, is scheduled for completion in 2012. The total costs of the project are estimated by management to include approximately \$7,822,264 of capitalized expenditures. Of these costs, in addition to what has been expended to date, the Foundation has entered into a construction contract for the balance of approximately \$4,645,836.

Subsequent to year end, in order to provide financing for those phases of the project during which expenditures are required in advance of receipt of related contributions, the Foundation secured a line of credit and further arranged for term financing from an accredited bank. These funds will be available to finance the project costs as required to a maximum of \$2,924,000 to supplement KCC's ongoing fundraising efforts. This financing has been secured by the property.

14. commitments

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

2012-2013	\$ 82,139
2013-2014	83,031
2014-2015	83,031
2015-2016	84,362
2016-2017	84,628
and thereafter	169,255

In addition, the Foundation has further commitments related to research. The committed amount for the 2012-2013 fiscal year is \$300,000 to support research projects. Thereafter the commitment is \$300,000 per year for the following four years.

15. financial instruments

The Foundation's financial instruments consist of cash, temporary investments, accounts receivable, and accounts payable. It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

16. comparative figures

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