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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 comprise the statements of financial position as at January 31, 2013, January 31, 2012 and February 1, 2011, and the statements of operations, changes in net assets and cash flows for the years ended January 31, 2013 and January 31, 2012, 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 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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, 2013, January 31, 2012 and February 1, 2011 and the results of its operations and its cash flows for the years ended January 31, 2013 and January 31, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.



### Thompson Penner & Lo LLP

Certified General Accountants  
May 29, 2013  
Calgary, Alberta, Canada

# statement of financial position

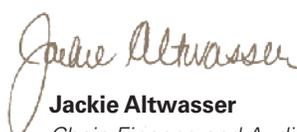
As at January 31, 2013 and 2012 and February 1, 2011

	2013	2012	February 1, 2011
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 2,605,700	\$ 2,278,250	\$ 1,657,278
Short term investments (note 4)	–	1,700,000	1,045,000
Accounts receivable	240,850	48,383	879,115
Goods and services taxes recoverable	17,386	85,021	24,185
Prepaid expenses	83,771	50,214	35,024
	<b>2,947,707</b>	4,161,868	3,640,602
<b>Property and equipment</b> (note 5)	<b>9,267,549</b>	4,455,780	2,090,339
	<b>\$ 12,215,256</b>	\$ 8,617,648	\$ 5,730,941
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 290,832	\$ 1,379,339	\$ 264,953
Unearned revenue	110,150	85,140	55,320
Current portion of long term debt (note 6)	815,600	105,989	101,526
	<b>1,216,582</b>	1,570,468	421,799
<b>Long term debt (subject to demand)</b> (note 6)	<b>1,803,150</b>	756,867	862,901
	<b>3,019,732</b>	2,327,335	1,284,700
<b>Deferred contributions</b> (note 10)			
Related to operations	1,768,606	1,812,998	1,709,386
Related to property and equipment	4,867,799	2,410,767	1,043,003
	<b>9,656,137</b>	6,551,100	4,037,089
<b>Net assets</b>			
<b>Invested in property and equipment</b>	<b>1,781,000</b>	1,182,157	82,909
<b>Unrestricted</b>	<b>778,119</b>	884,391	1,610,943
	<b>2,559,119</b>	2,066,548	1,693,852
	<b>\$ 12,215,256</b>	\$ 8,617,648	\$ 5,730,941

Approved on behalf of the Board:



**Crispin Arthur**  
Chair, Board of Directors



**Jackie Altvasser**  
Chair, Finance and Audit Committee

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

# statement of operations

For the Years Ended January 31, 2013 and 2012

	2013	2012
<b>REVENUE</b>		
Fundraising		
General	\$ 2,389,863	\$ 1,429,705
Camp and Community programs	1,321,198	1,208,004
Research	400,703	698,379
Capital campaign	91,512	64,862
Scholarship and endowment fund (note 7)	24,655	77,245
Hospital programs	23,676	25,078
Gifts-in-kind	1,159,819	681,483
Amortization of deferred contributions related to property and equipment (note 10)	266,186	945,667
Camp Kindle rental income	155,162	167,114
Other revenue	19,668	28,146
	<b>5,852,442</b>	5,325,683
<b>EXPENSES</b>		
Camp and Community programs (note 8)	1,546,705	1,570,704
Gifts-in-kind	1,159,819	681,483
Foundation's fundraising activities	1,057,508	1,004,070
General and administrative	561,674	418,292
Research	300,000	600,000
Public awareness and education	220,822	182,880
Camp Kindle rental operations (note 9)	150,492	98,659
Volunteer program	126,109	118,319
Hospital programs	93,582	98,884
Capital campaign - Camp Kindle	91,512	64,862
Amortization	26,993	37,589
Scholarship endowments and awards	24,655	77,245
	<b>5,359,871</b>	4,952,987
<b>Excess of revenue over expenses</b>	<b>\$ 492,571</b>	<b>\$ 372,696</b>

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

# statement of changes in net assets

For the Years Ended January 31, 2013 and 2012

	Invested in property and equipment	Unrestricted	2013	2012
Net assets, beginning of year	\$ 1,182,157	\$ 884,391	\$ 2,066,548	\$ 1,693,852
Excess (deficiency) of revenue over expenses	(72,485)	565,056	492,571	372,696
Acquisition of property and equipment	2,427,222	(2,427,222)	–	–
Net of new proceeds less repayment of debt	(1,755,894)	1,755,894	–	–
<b>Net assets, end of year</b>	<b>\$ 1,781,000</b>	<b>\$ 778,119</b>	<b>\$ 2,559,119</b>	<b>\$ 2,066,548</b>

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

# statement of cash flows

For the Years Ended January 31, 2013 and 2012

	2013	2012
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 492,571	\$ 372,696
Non-cash transactions		
Write down of assets (note 9)	–	495,420
Amortization	338,671	103,612
Utilizations of deferred contributions related to property and equipment (note 10)	(266,186)	(945,666)
	<b>565,056</b>	26,062
Changes in non-cash working capital		
Accounts receivable	(192,467)	830,732
Goods and services taxes recoverable	67,635	(60,836)
Prepaid expenses	(33,557)	(15,190)
Accounts payable and accrued liabilities	(169,166)	115,244
Unearned revenue and other liabilities	25,010	29,820
Deferred contributions related to operations	(44,392)	103,612
	<b>218,119</b>	1,029,444
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(1,180,106)	(101,571)
Proceeds of new long term debt	2,936,000	–
Contributions received for acquisitions of property and equipment (note 10)	2,389,362	2,293,775
	<b>4,145,256</b>	2,192,204
<b>INVESTING ACTIVITIES</b>		
Sale (purchase) of short term investments	1,700,000	(655,000)
Acquisition of property and equipment	(5,735,925)	(1,945,676)
	<b>(4,035,925)</b>	(2,600,676)
<b>Increase in cash</b>	<b>327,450</b>	620,972
Cash and cash equivalents, beginning of year	2,278,250	1,657,278
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,605,700</b>	\$ 2,278,250
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 697,458	\$ 1,337,391
Guaranteed investment certificates	959,123	–
Money market portfolio	949,119	940,859
	<b>\$ 2,605,700</b>	<b>\$ 2,278,250</b>

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

# notes to the financial statements

For the Years Ended January 31, 2013 and 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 programs and support for young people and their families affected by cancer. The Foundation manages residential and day camps for children, teenagers and young adults, aged 3 to 25, in various stages of cancer treatment. During the year, the Foundation also runs youth recreational programs and hosts a variety of supportive conferences and seminars.

### Research

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

### Hospital programs

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

### KCC Derek Wandzura Memorial Scholarship Fund

The KCC Derek Wandzura (DW) Memorial Scholarship Fund 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 Note 7.

## 2. impact of the changes in the basis of accounting

Effective February 1, 2012, KCC adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – *Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations*. These are KCC's first financial statements prepared in accordance with these accounting standards, which has been applied retrospectively. The accounting policies set out in the following significant accounting policy note have been applied in preparing the financial statements for the year ended January 1, 2013, the comparative information presented in these financial statements for the year ended January 1, 2012 and in the preparation of an opening statement of financial position as at February 1, 2011 (KCC's date of transition).

KCC issued financial statements for the year ended January 1, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on KCC's excess of revenues over expenses for the year ended January 1, 2012 or on the net assets as at February 1, 2011, the date of transition. Certain of KCC's disclosures included in these financial statements reflect the new disclosure requirements of Canadian accounting standards for not-for-profit organizations.

Note that KCC's 2013 statement of financial position is three columns: January 1, 2013, January 1, 2012 and February 1, 2011. The balances for the February 1, 2011 statement of financial position are the same as those shown for January 31, 2011 because there were no transitional adjustments to these balances.

### 3. significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### a) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### b) Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less and that are subject to an insignificant risk of change in value.

#### c) Property and equipment

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

Computer equipment	3 years	Straight line
Furniture, fixtures, and equipment	5 years	Straight line
Leasehold improvements	Term of lease	Straight line
Camp Kindle		
Aquatic centre	15 - 20 years	Straight line
Automobile	5 years	Straight line
Buildings	12 - 25 years	Straight line
Challenge course	10 years	Straight line
Equipment	5 years	Straight line
Land improvements	15 - 20 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

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, accounts receivable, goods and services taxes recoverable and short-term investments. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, unearned revenue and long-term debt.

#### 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.

**Kids Cancer Care Foundation of Alberta**  
**notes to the financial statements**  
**For the years ended January 31, 2013 and 2012**

**4. short-term investments**

	2013	2012
Short-term investments have been reclassified to cash equivalent in the year due to their maturity term less than three months after year-end. (2012: Cashable GIC, prime-linked interest rate, maturing July 2012).	\$ -	\$ 1,700,000

**5. property and equipment**

	Cost		Accumulated Amortization		Net Book Value	
	2013	2012	2013	2012	2013	2012
Computer equipment	\$ 98,502	\$ 89,588	\$ 90,904	\$ 74,200	\$ 7,598	\$ 15,388
Furniture and fixtures	94,780	82,764	70,139	74,185	24,641	8,579
Camp Kindle						
Buildings	8,024,636	3,597,495	600,067	343,895	7,424,569	3,253,600
Aquatic centre	729,566	250,430	-	-	729,566	250,430
Land	695,285	695,285	-	-	695,285	695,285
Challenge course	250,368	250,368	75,110	50,074	175,258	200,294
Land improvements	103,495	-	5,619	-	97,876	-
Equipment	97,133	47,061	35,884	19,324	61,249	27,737
Furniture and fixtures	45,329	-	4,533	-	40,796	-
Automobile	18,778	8,778	8,067	4,311	10,711	4,467
	\$ 10,157,872	\$ 5,021,769	\$ 890,323	\$ 565,989	\$ 9,267,549	\$ 4,455,780

**6. long-term debt**

Both loans are secured against the Camp Kindle property and a general security agreement against KCC property.

	2013	2012
i) Royal Bank loan payable in monthly installments of \$26,050 (2012: \$11,912), plus interest at Royal Bank prime plus 1.7% (2012: Royal Bank prime plus 1.6%) per annum: current year effective rate of 4.7% (2012: 4.6%), maturing in August 2013, renewable annually.	\$ 1,645,750	\$ 862,856
ii) Royal Bank loan payable in annual installments at each year end based on receipts of Camp Kindle capital campaign pledges. Scheduled payments of: 2014: \$503,000, 2015: \$285,000, 2016: \$185,000. Monthly payments of interest only at Royal Bank prime plus 1.7% per annum - current year effective rate of 4.7% maturing in June 2013, and renewable annually.	973,000	-
Total debt	2,618,750	862,856
Less current portion:	815,600	105,989
Long-term portion: - Because the loans were refinanced subsequent to year end with term financing as disclosed in note 11, they are classified as long term.	\$ 1,803,150	\$ 756,867

**Kids Cancer Care Foundation of Alberta**  
**notes to the financial statements**  
**For the years ended January 31, 2013 and 2012**

**7. KCC Derek Wandzura Memorial Scholarship fund**

The KCC Derek Wandzura Memorial Scholarship Fund is an endowed fund owned and managed by The Calgary Foundation. As additional funds are raised for endowment purposes, they become payable to The Calgary Foundation to add to the endowment. The current year transfer is \$7,897 (2012: \$64,605). 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, 2013 is \$403,766 (2012: \$321,331).

**8. camp and community programs**

Camp and Community programs expenses include amortization expense in the amount of \$311,678 (2012: \$66,023) as related to the assets in use at Camp Kindle. An amount of \$Nil (2012: \$495,420) related to demolished buildings at Camp Kindle has been written off in the year.

**9. 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.

**10. 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**

<b>2013</b>	<b>Camp and Community</b>	<b>Camp Kindle</b>	<b>Research</b>	<b>DW Scholarship Fund</b>	<b>Total</b>
Balance, beginning of the year	\$ 520,433	\$ -	\$ 1,265,077	\$ 27,488	\$ 1,812,998
Amount added during the year					
Cash	1,202,168	91,512	472,146	27,850	1,793,676
Gifts-in-kind	41,610	242,510	36,349	-	320,469
	<b>1,764,211</b>	<b>334,022</b>	<b>1,773,572</b>	<b>55,338</b>	<b>3,927,143</b>
<b>Amounts utilized during the year</b>					
Camp and Community	1,235,027	-	-	-	1,235,027
Research	-	-	300,000	-	300,000
Transfer to The Calgary Foundation	-	-	-	7,897	7,897
Scholarship awards	-	-	-	14,400	14,400
Administration	-	-	-	2,358	2,358
Direct event costs	86,171	91,512	100,703	-	278,386
Subtotal	<b>1,321,198</b>	<b>91,512</b>	<b>400,703</b>	<b>24,655</b>	<b>1,838,068</b>
Utilizations contributed by gifts-in-kind	41,610	242,510	36,349	-	320,469
Balance, end of the year	\$ 401,403	\$ -	\$ 1,336,520	\$ 30,683	\$ 1,768,606

**Kids Cancer Care Foundation of Alberta**  
**notes to the financial statements**  
**For the years ended January 31, 2013 and 2012**

**10. deferred contributions (continued)**

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
<b>Amounts utilized during the year</b>					
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

**b) Related to property and equipment**

	2013			2012		
	General	Camp Kindle	Total	General	Camp Kindle	Total
Balance, beginning of year	\$ 12,960	\$ 2,397,807	\$ 2,410,767	\$ 23,921	\$ 1,019,082	\$ 1,043,003
Amount added during year						
Cash	15,425	2,373,937	2,389,362	–	2,293,775	2,293,775
Gifts-in-kind	–	333,856	333,856	–	19,656	19,656
	28,385	5,105,600	5,133,985	23,921	3,332,513	3,356,434
Amounts utilized during year for amortization	12,159	254,027	266,186	10,961	934,706	945,667
Balance, end of year	\$ 16,226	\$ 4,851,573	\$ 4,867,799	\$ 12,960	\$ 2,397,807	\$ 2,410,767

**11. camp kindle commitments and subsequent event**

- i) The construction of facilities at Camp Kindle, which began in 2011, was essentially completed during 2012. The total costs of the project were estimated by management to include approximately \$7,822,264 of capitalized expenditures. The Foundation entered into a construction contract which was financed by bank loans in addition to the fundraising efforts of KCC's Camp Kindle capital campaign. The construction contract has a nominal value unbilled at year-end.
- ii) Subsequent to year-end, based on the availability of cash flow, management made an early repayment against a term loan. This additional payment of \$503,000 was made February 5, 2013 although not due until January 31, 2014.
- iii) Further successful fundraising efforts subsequent to year-end have resulted in a significant contribution to the campaign and allowed for additional early repayments of the long-term debt in the amount of \$1,450,000 on March 28, 2013.

**Kids Cancer Care Foundation of Alberta**  
**notes to the financial statements**  
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**12. contributions by funding source**

Contributions received by major funding source are as follows:

	2013	2012
Capital campaign	\$ 2,465,450	\$ 2,358,638
Foundation fundraising events	2,118,916	1,524,547
Community fundraising events	1,207,072	1,212,315
Other not-for-profits	321,954	379,848
Individual and corporate donations	345,438	314,485
Camp Kindle rental operations	155,162	167,475
Government grants	120,792	94,390
Investments and other	36,622	44,222
<b>Total contributions</b>	<b>6,771,406</b>	6,095,920
Total contributions are reconciled to Statement of Operations as follows:		
Add:		
Gifts-in-kind	1,159,819	681,483
Opening deferred contributions related to:		
Operations	1,812,998	1,709,386
Property and equipment	2,410,767	1,043,003
Change in deferred contributions; gifts-in-kind for property and equipment	333,856	19,656
Deduct:		
Closing deferred contributions related to:		
Operations	(1,768,606)	(1,812,998)
Property and equipment	(4,867,799)	(2,410,767)
<b>Revenue reported in Statement of Operations</b>	<b>\$ 5,852,441</b>	<b>\$ 5,325,683</b>

All expenses incurred for the purposes of soliciting contributions were \$1,391,530 (2012: \$1,063,573).

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 \$692,033 (2012: \$675,467) of remuneration to employees for fund-raising activities in 2013.

**13. commitments**

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

2013-2014	\$ 83,031
2014-2015	83,031
2015-2016	84,362
2016-2017	84,628
2017-2018	84,628
and thereafter	14,105

In addition, the Foundation has further commitments related to research. The committed amount for the 2013-2014 fiscal year is \$300,000 to support the experimental and applied therapeutics program at the Alberta Children's Hospital and the University of Calgary. Thereafter the commitment is \$300,000 per year for the following three years.

## **14. financial instruments**

The Foundation's financial instruments consist of cash, accounts receivable, goods and services taxes recoverable, short-term interest-bearing investments, marketable securities, accounts payable and accrued liabilities, unearned revenue and long-term debt, all of which are reported at fair value. Due to their short-term nature, the carrying value of financial instruments, other than the marketable securities, approximate their fair value.

Management has determined that the Foundation is not exposed to significant credit or interest rate risk, but does have some market risk due to the nature of investments held.

## **15. comparative figures**

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