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## Index to financial statements

<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of financial position	2
Statement of operations	3
Statement of changes in net assets	4
Statement of cash flows	5
Notes to the financial statements	6

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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 statement of financial position as at January 31, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended January 31, 2014, 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 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, 2014 and the results of its operations and its cash flows for the year then ended January 31, 2014, in accordance with Canadian accounting standards for not-for-profit organizations.

*Calvisto LLP*

### Professional Accountants

May 28, 2014  
Calgary, Alberta, Canada

# statement of financial position

As at January 31, 2014 and 2013

	2014	2013
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 2,241,324	\$ 2,605,700
Short-term investments (note 3)	500,000	-
Accounts receivables	21,722	240,850
Goods and services taxes recoverable	19,496	17,386
Prepaid expenses	76,820	83,771
	<b>2,859,362</b>	2,947,707
<b>Property and equipment</b> (note 4)	<b>9,694,739</b>	9,267,549
	<b>\$ 12,554,101</b>	\$ 12,215,256
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 113,856	\$ 271,873
Payroll tax liabilities	24,872	18,959
Unearned revenue	201,956	110,150
Current portion of long-term debt (note 5)	-	815,600
	<b>340,684</b>	1,216,582
<b>Long-term debt (subject to demand)</b> (note 5)	-	1,803,150
	<b>340,684</b>	3,019,732
<b>Deferred contributions</b> (note 9)		
Related to operations	1,179,065	1,768,606
Related to property and equipment	7,737,677	4,867,799
	<b>8,916,742</b>	6,636,405
	<b>9,257,426</b>	9,656,137
<b>Net assets</b>		
<b>Invested in property and equipment</b>	<b>1,957,062</b>	1,781,000
<b>Unrestricted</b>	<b>1,339,613</b>	778,119
	<b>3,296,675</b>	2,559,119
	<b>\$ 12,554,101</b>	\$ 12,215,256

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, 2014 and 2013

	2014	2013
<b>REVENUE</b>		
Fundraising		
General	\$ 2,756,968	\$ 2,389,863
Camp and Community programs	1,388,591	1,321,198
Research	1,008,457	400,703
Capital campaign	37,813	91,512
Scholarship and endowment fund (note 6)	34,686	24,655
Hospital programs	21,581	23,676
Gifts-in-kind	732,417	1,159,819
Amortization of deferred contributions related to property and equipment (note 9)	518,025	266,186
Camp Kindle rental income	374,482	155,162
Other revenue	18,246	19,668
	<b>6,891,266</b>	5,852,442
<b>EXPENSES</b>		
Camp and Community programs (note 7)	1,824,468	1,546,705
Foundation's fundraising activities	1,370,251	1,057,508
Research	901,595	300,000
Gifts-in-kind	732,417	1,159,819
General and administrative	555,294	561,674
Public awareness and education	256,436	220,822
Camp Kindle rental operations (note 8)	197,366	150,492
Volunteer program	127,200	126,109
Hospital programs	100,793	93,582
Capital campaign – Camp Kindle	37,813	91,512
Scholarship endowments and awards	34,686	24,655
Amortization	15,391	26,993
	<b>6,153,710</b>	5,359,871
<b>Excess of revenue over expenses</b>	<b>\$ 737,556</b>	<b>\$ 492,571</b>

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

# statement of changes in net assets

For the Years Ended January 31, 2014 and 2013

	Invested in property and equipment	Unrestricted	2014	2013
Net assets, beginning of year	\$ 1,781,000	\$ 778,119	\$ 2,559,119	\$ 2,066,548
Excess (deficiency) of revenue over expenses	(20,554)	758,110	737,556	492,571
Net acquisition of property and equipment	965,769	(965,769)	-	-
Contributions deferred for asset acquisition	(3,387,903)	3,387,903	-	-
Repayment of debt	2,618,750	(2,618,750)	-	-
<b>Net assets, end of year</b>	<b>\$ 1,957,062</b>	<b>\$ 1,339,613</b>	<b>\$ 3,296,675</b>	<b>\$ 2,559,119</b>

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

# statement of cash flows

For the Years Ended January 31, 2014 and 2013

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 737,556	\$ 492,571
Non-cash transactions		
Amortization	538,579	338,671
Utilizations of deferred contributions related to property and equipment (note 9)	(518,025)	(266,186)
	<b>758,110</b>	565,056
Changes in non-cash working capital		
Accounts receivable	219,128	(192,467)
Goods and services taxes recoverable	(2,110)	67,635
Prepaid expenses	6,951	(33,557)
Accounts payable and accrued liabilities	(152,104)	(169,166)
Unearned revenue	91,806	25,010
Deferred contributions related to operations	(589,541)	(44,392)
	<b>332,240</b>	218,119
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(2,618,750)	(1,180,106)
Proceeds of new long-term debt	-	2,936,000
Contributions received for acquisitions of property and equipment (note 9)	3,313,340	2,389,362
	<b>694,590</b>	4,145,256
<b>INVESTING ACTIVITIES</b>		
Sale (purchase) of short-term investments	(500,000)	1,700,000
Acquisition of property and equipment	(913,856)	(5,735,925)
Proceeds from insurance on loss of assets	22,650	-
	<b>(1,391,206)</b>	(4,035,925)
<b>Increase (decrease) in cash</b>	<b>(364,376)</b>	327,450
Cash and cash equivalents, beginning of year	2,605,700	2,278,250
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,241,324</b>	\$ 2,605,700
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 802,088	\$ 697,458
Guaranteed investment certificates	-	959,123
Money market portfolio	1,439,236	949,119
	<b>\$ 2,241,324</b>	<b>\$ 2,605,700</b>

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

# notes to the financial statements

For the Years Ended January 31, 2014 and 2013

## 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 the research directly impacts 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 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

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 Note 6.

## 2. 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 CPA 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 straight line method using the following rates:

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

### 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 and cash equivalents, short-term investments, accounts receivable, and goods and services taxes recoverable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payroll tax liabilities and long-term debt.

### f) Measurement uncertainty

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, revenues, 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.

**Kids Cancer Care Foundation of Alberta**  
**notes to the financial statements**  
**For the years ended January 31, 2014 and 2013**

**3. short-term investments**

	2014	2013
Cashable GIC, earning interest at 1.25% per annum, maturing July of 2014	\$ 500,000	\$ -

**4. property and equipment**

	Cost		Accumulated Amortization		Net Book Value	
	2014	2013	2014	2013	2014	2013
Computer equipment	\$ 104,301	\$ 98,502	\$ 97,464	\$ 90,904	\$ 6,837	\$ 7,598
Furniture and fixtures	94,780	94,780	78,970	70,139	15,810	24,641
Camp Kindle						
Buildings	8,127,010	8,024,636	967,147	600,067	7,159,863	7,424,569
Aquatic centre	750,858	729,566	40,935	-	709,923	729,566
Land	695,285	695,285	-	-	695,285	695,285
Challenge course	250,368	250,368	100,147	75,110	150,221	175,258
Land improvements	757,608	103,495	27,590	5,619	730,018	97,876
Equipment	255,328	97,133	87,893	35,884	167,435	61,249
Furniture and fixtures	54,682	45,329	15,469	4,533	39,213	40,796
Automobile	33,421	18,778	13,287	8,067	20,134	10,711
	\$ 11,123,641	\$ 10,157,872	\$ 1,428,902	\$ 890,323	\$ 9,694,739	\$ 9,267,549

**5. long-term debt**

	2014	2013
i) Royal Bank loan with interest at Royal Bank prime plus 1.7% per annum. Effective rate of 4.7% in 2014 and 2013.	\$ -	\$ 1,645,750
ii) Royal Bank loan with interest at Royal Bank prime rate plus 1.7% per annum. Effective rate 4.7% in 2014 and 2013.	-	973,000
Total debt	-	2,618,750
Less current portion	-	815,600
Long-term portion	\$ -	\$ 1,803,150

Both loans were repaid during the year.

**6. 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 \$14,784 (2013: \$7,897). The fund was established on January 31, 2008.

A portion of the fund value 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 January 31, 2014 is \$457,396 (2013: \$403,766).

**7. camp and community programs**

Camp and Community programs expenses include amortization expense in the amount of \$523,188 (2013: \$311,678) as related to the assets in use at Camp Kindle.

**8. 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 years ended January 31, 2014 and 2013**

**9. 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>2014</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	\$ 401,403	\$ -	\$ 1,336,520	\$ 30,683	\$ 1,768,606
Amount added during the year					
Cash	1,327,469	37,813	480,820	33,904	1,880,006
Gifts-in-kind	73,518	12,977	98,542	-	185,037
	<b>1,802,390</b>	<b>50,790</b>	<b>1,915,882</b>	<b>64,587</b>	<b>3,833,649</b>
<b>Amounts utilized during the year</b>					
Camp and Community	1,301,280	-	-	-	1,301,280
Research	-	-	901,595	-	901,595
Transfer to The Calgary Foundation	-	-	-	14,784	14,784
Scholarship awards	-	-	-	19,000	19,000
Administration	-	-	-	902	902
Direct event costs	87,311	37,813	106,862	-	231,986
Subtotal	<b>1,388,591</b>	<b>37,813</b>	<b>1,008,457</b>	<b>34,686</b>	<b>2,469,547</b>
Utilizations contributed by gifts-in-kind	73,518	12,977	98,542	-	185,037
Balance, end of the year	\$ 340,281	\$ -	\$ 808,883	\$ 29,901	\$ 1,179,065

<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, 2014 and 2013**

**b) Related to property and equipment**

	2014			2013		
	General	Camp Kindle	Total	General	Camp Kindle	Total
Balance, beginning of year	\$ 16,226	\$ 4,851,573	\$ 4,867,799	\$ 12,960	\$ 2,397,807	\$ 2,410,767
Additions (deductions) during the year						
Cash	-	3,313,340	3,313,340	15,425	2,373,937	2,389,362
Transfer to Camp Kindle	(16,226)	16,226	-	-	-	-
Gifts-in-kind	-	74,563	74,563	-	333,856	333,856
	-	8,255,702	8,255,702	28,385	5,105,600	5,133,985
Amounts utilized during the year for amortization	-	518,025	518,025	12,159	254,027	266,186
Balance, end of year	\$ -	\$ 7,737,677	\$ 7,737,677	\$ 16,226	\$ 4,851,573	\$ 4,867,799

**10. contribution by funding source**

Contributions received by major funding source are as follows:

	2014	2013
Capital Campaign	\$ 3,285,028	\$ 2,465,450
Foundation fundraising events	2,322,055	2,118,916
Community fundraising events	1,256,570	1,207,072
Other not-for-profit	468,136	321,954
Individual and corporate donations	530,467	345,438
Camp Kindle rental operations	374,482	155,162
Government grants	91,421	120,792
Investments and other	36,464	36,623
Total contributions	8,364,623	6,771,407
Total contributions are reconciled to Statement of Operations as follows:		
Add:		
Gifts-in-kind	732,417	1,159,819
Opening deferred contributions related to:		
Operations	1,768,606	1,812,998
Property and equipment	4,867,799	2,410,767
Change in deferred contributions; gifts-in-kind for property and equipment	74,563	333,856
Deduct:		
Closing deferred contributions related to:		
Operations	(1,179,065)	(1,768,606)
Property and equipment	(7,737,677)	(4,867,799)
Revenue reported in Statement of Operations	\$ 6,891,266	\$ 5,852,442

All expenses incurred for the purpose of soliciting contributions were \$1,408,064 (2013: \$1,149,020).

A total of \$10,554 (2013: \$nil) was paid as remuneration to a fundraising business in the year. There were no expenses or fees paid by the Foundation as reimbursement to fundraising businesses. The Foundation paid \$830,460 of remuneration to employees for fundraising activities in 2014 (2013: \$692,033).

**Kids Cancer Care Foundation of Alberta**  
**notes to the financial statements**  
**For the years ended January 31, 2014 and 2013**

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**11. commitments**

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

2014-2015	\$	83,031
2015-2016		84,362
2016-2017		84,628
2017-2018		84,628
2018-2019		84,628
And thereafter		14,105

In addition, the Foundation has a further commitment related to research projects of \$300,000 which will be paid in 2014/2015.

**12. financial instruments**

The Foundation's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, goods and services taxes recoverable, accounts payable and accrued liabilities and payroll tax liabilities all of which are reported at fair 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 or interest rate risk, but does have some market risk due to the nature of short-term investments held.