

**WINDSOR ESSEX COUNTY CANCER
CENTRE FOUNDATION**

**AUDITORS' REPORT AND FINANCIAL
STATEMENTS**

APRIL 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of Windsor Essex County Cancer Centre Foundation

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Windsor Essex County Cancer Centre Foundation, which comprise the statement of financial position as at April 30, 2020 and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the foundation as at April 30, 2020 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the foundation derives revenue from donation and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation and fundraising 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 donation and fundraising revenues, revenue over expenses, assets, fund balances and cash flows. This issue also resulted in a qualification of the financial statements for the year ended April 30, 2019.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' 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 qualified opinion.

INDEPENDENT AUDITORS' REPORT - continued

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 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.

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.

Auditors' Responsibility for the Audit

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 auditors' 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.

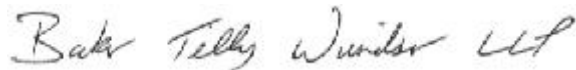
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

INDEPENDENT AUDITORS' REPORT - continued

- 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 auditors' 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 auditors' 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.

A handwritten signature in dark ink that reads "Baker Tilly Windsor LLP".

Chartered Professional Accountants
Licensed Public Accountants

September 16, 2020

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

FINANCIAL STATEMENTS

APRIL 30, 2020

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WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION
STATEMENT OF REVENUE AND EXPENSES
YEAR ENDED APRIL 30, 2020

	Cancer Centre Foundation Fund	Endowment Fund	2020	2019
REVENUE				
Donations and fundraising, net (note 3)	\$ 1,527,601	\$ -	\$ 1,527,601	\$ 1,022,800
Investment income (loss) (note 5)	<u>(181,741)</u>	<u>22,574</u>	<u>(159,167)</u>	<u>269,502</u>
	<u>1,345,860</u>	<u>22,574</u>	<u>1,368,434</u>	<u>1,292,302</u>
EXPENSES				
Advertising	9,389	-	9,389	20,227
Amortization	6,532	-	6,532	6,532
Computer support and equipment	89,324	-	89,324	55,355
Donor recognition	5,958	-	5,958	1,889
Interest and bank charges	6,385	-	6,385	9,519
Office and sundry	38,821	-	38,821	36,020
Professional services	27,213	-	27,213	30,894
Printing	17,063	-	17,063	21,308
Salaries and benefits	<u>279,558</u>	<u>-</u>	<u>279,558</u>	<u>352,334</u>
	<u>480,243</u>	<u>-</u>	<u>480,243</u>	<u>534,078</u>
REVENUE OVER EXPENSES BEFORE DONATIONS AND PROJECTS	<u>865,617</u>	<u>22,574</u>	<u>888,191</u>	<u>758,224</u>
DONATIONS AND PROJECTS				
Seeds4Hope programs	194,406	5,894	200,300	151,526
Regional Comprehensive Men's Health program	408,171	-	408,171	-
Patient assistance	45,307	-	45,307	104,626
Cancer Centre programs	62,066	-	62,066	58,142
Windsor Regional Hospital donations	<u>1,143,127</u>	<u>-</u>	<u>1,143,127</u>	<u>224,813</u>
	<u>1,853,077</u>	<u>5,894</u>	<u>1,858,971</u>	<u>539,107</u>
REVENUE (UNDER) OVER EXPENSES	<u>\$ (987,460)</u>	<u>\$ 16,680</u>	<u>\$ (970,780)</u>	<u>\$ 219,117</u>

See Accompanying Notes

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES

YEAR ENDED APRIL 30, 2020

	Cancer Centre Foundation Fund	Endowment Fund	2020	2019
FUND BALANCES, BEGINNING	\$ 4,903,687	\$ 1,013,273	\$ 5,916,960	\$ 5,697,843
REVENUE (UNDER) OVER EXPENSES	<u>(987,460)</u>	<u>16,680</u>	<u>(970,780)</u>	<u>219,117</u>
FUND BALANCES, ENDING	<u>\$ 3,916,227</u>	<u>\$ 1,029,953</u>	<u>\$ 4,946,180</u>	<u>\$ 5,916,960</u>

See Accompanying Notes

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

STATEMENT OF FINANCIAL POSITION

APRIL 30, 2020

	Cancer Centre Foundation Fund	Endowment Fund	2020	2019
ASSETS				
CURRENT ASSETS				
Cash	\$ 466,339	\$ -	\$ 466,339	\$ 98,249
Other receivables	11,916	-	11,916	15,882
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,805</u>
	478,255	-	478,255	121,936
INVESTMENTS (note 5)	3,736,266	1,029,953	4,766,219	5,879,513
CAPITAL ASSETS (note 4)	<u>9,798</u>	<u>-</u>	<u>9,798</u>	<u>16,330</u>
	<u><u>\$4,224,319</u></u>	<u><u>\$1,029,953</u></u>	<u><u>\$5,254,272</u></u>	<u><u>\$3,017,779</u></u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued charges	<u>\$ 308,092</u>	<u>\$ -</u>	<u>\$ 308,092</u>	<u>\$ 100,819</u>
FUND BALANCES				
Invested in capital property	9,798	-	9,798	16,330
Externally restricted	2,021,971	1,000,000	3,021,971	3,526,588
Internally restricted	<u>1,884,458</u>	<u>29,953</u>	<u>1,914,411</u>	<u>2,374,042</u>
	<u>3,916,227</u>	<u>1,029,953</u>	<u>4,946,180</u>	<u>5,916,960</u>
	<u><u>\$4,224,319</u></u>	<u><u>\$1,029,953</u></u>	<u><u>\$5,254,272</u></u>	<u><u>\$3,017,779</u></u>
COMMITMENTS (note 7)				
ON BEHALF OF THE BOARD				
Director	Director			

See Accompanying Notes

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED APRIL 30, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from donations and fundraising	\$ 1,686,406	\$ 1,184,090
Cash paid to suppliers, employees and donees	(2,272,351)	(1,180,942)
Investment income (loss)	<u>(159,260)</u>	<u>269,502</u>
	<u>(745,205)</u>	<u>272,650</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of investments	<u>1,113,295</u>	<u>(737,520)</u>
INCREASE (DECREASE) IN CASH POSITION	368,090	(464,870)
CASH POSITION, BEGINNING	<u>98,249</u>	<u>563,119</u>
CASH POSITION, ENDING	<u><u>\$ 466,339</u></u>	<u><u>\$ 98,249</u></u>

See Accompanying Notes

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION**NOTES TO FINANCIAL STATEMENTS****APRIL 30, 2020**

1. NATURE OF ACTIVITIES

The Windsor Essex County Cancer Centre Foundation, incorporated on May 24, 1996, under the laws of Ontario, without share capital, is a registered charitable foundation and is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act. It raises funds for the enhancement of cancer related services and for the care and treatment of cancer patients in Essex County.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

FUND ACCOUNTING

The foundation follows the restricted fund method of accounting for contributions.

Cancer Centre Foundation Fund

The Cancer Centre Foundation fund reports resources that are to be used for current operating activities and the enhancement of the Windsor Regional Cancer Centre and research projects. Certain donations and proceeds of various fundraising activities are contributed for specific purposes. These funds are recorded as restricted funds.

Endowment Fund

The Endowment fund reports resources contributed for endowment. Investment income earned on the resources of the Endowment fund are reported in the fund depending on the nature of any restrictions imposed by contribution of funds for endowment. The Endowment fund is comprised of the following contribution:

In July 2008, the Dr. Murray and Judith O'Neil Endowment fund was established in the amount of \$1,000,000. This amount is to be permanently endowed with income to be directed to capital assets or to research costs, or both, in such amounts as determined, from time to time, at the discretion of the Board of Directors of the Windsor Essex County Cancer Centre Foundation.

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION**NOTES TO FINANCIAL STATEMENTS****APRIL 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES - continued

PROPERTY AND EQUIPMENT

Purchased property and equipment are recorded at cost. Amortization expense is reflected in the Cancer Centre Foundation fund. Amortization is provided on the straight-line basis over three years for computer software and on the straight-line basis over five years for furniture and fixtures.

REVENUE RECOGNITION

Restricted and endowed contributions are recognized as revenue of the appropriate restricted fund in the year in which the contributions are received. Investment income is recognized as revenue of the appropriate restricted fund as it is earned. Grant revenues are recognized as revenue when the related expenses are incurred.

Unrestricted contributions and investment income are recognized as revenue of the Cancer Centre Foundation fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledged amounts are recognized as income when they are received, in the appropriate fund.

CONTRIBUTED GOODS AND SERVICES

The foundation recognizes contributed goods and services if the fair market value can be reasonably estimated and the material and services were used in the normal course of operations and would otherwise have been purchased.

USE OF ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, the useful lives of property and equipment require the use of management estimates. Actual results could differ from these estimates.

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES - continued

FINANCIAL INSTRUMENTS

Measurement of financial instruments

Financial instruments are financial assets or liabilities of the foundation where, in general, the foundation has the right to receive cash or another financial asset from another party or the foundation has the obligation to pay another party cash or other financial assets.

The foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount, which is the amount agreed upon by the related parties. The foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except investments.

Financial assets measured at amortized cost include cash and other receivables.

The foundation's financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued charges.

Impairment

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- The present value of the cash flows expected to be generated by the asset or group of assets;
- The amount that could be realized by selling the asset or asset group; or
- The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized up to the amount of the previously recognized impairment.

Transaction costs

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized and amortized over the expected life of the instrument using the straight line method for financial instruments that are subsequently measured at cost or amortized cost.

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

3. DONATIONS, FUNDRAISING AND GRANTS, net	2020	2019
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Net amounts per the statement of operations are comprised of the following:

Donations and fundraising revenue	\$ 1,682,440	\$ 1,181,862
Expenses:		
Event costs	<u>154,839</u>	<u>159,062</u>
	<u>\$ 1,527,601</u>	<u>\$ 1,022,800</u>

4. PROPERTY, PLANT AND EQUIPMENT	2020	2019
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	Cost	Accumulated Amortization	Net	Net
Computer software	\$ 82,814	\$ 82,814	\$ -	\$ -
Furniture and fixtures	<u>32,660</u>	<u>22,862</u>	<u>9,798</u>	<u>16,330</u>
	<u>\$ 115,474</u>	<u>\$ 105,676</u>	<u>\$ 9,798</u>	<u>\$ 16,330</u>

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2020

5. INVESTMENTS	2020	2019
Investments at fair value:		
Cancer Centre Foundation Fund		
Cash and money market funds	\$ 1,258,375	\$ 2,216,576
Fixed income medium and long term instruments	285,059	487,526
Common shares and equivalent equities	<u>2,192,832</u>	<u>2,162,138</u>
	<u>3,736,266</u>	<u>4,866,240</u>
Endowment Fund		
Cash and money market funds	618	480
Fixed income medium and long term instruments	<u>1,029,335</u>	<u>1,012,793</u>
	<u>1,029,953</u>	<u>1,013,273</u>
	<u>\$ 4,766,219</u>	<u>\$ 5,879,513</u>
Investment Income (loss):		
Unrealized gain (loss) on investments	\$ (292,822)	\$ 153,069
Interest	33,367	54,660
Foreign exchange gain	43,013	35,157
Dividends	<u>57,275</u>	<u>26,616</u>
	<u>\$ (159,167)</u>	<u>\$ 269,502</u>

Cash and fixed income investments consist of guaranteed investment certificates, treasury bills and corporate bonds, all of which have terms to maturity between September 2020 and September 2024, bearing interest rates from 1.86% to 3.21%. Equity investments are TSE traded common and preferred shares.

6. GOVERNMENT REMITTANCES PAYABLE	2020	2019
The accounts payable and accrued charges include the following government remittances owing:		
Payroll taxes payable	<u>\$ 10,134</u>	<u>\$ 19,162</u>

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION**NOTES TO FINANCIAL STATEMENTS****APRIL 30, 2020**

7. COMMITMENTS

The foundation committed to make approximately \$658,000 in payments for equipment and education to the Windsor Regional Cancer Program by April, 2021. The foundation is also committed to make \$100,000 in payments to the University of Windsor for research.

8. FINANCIAL INSTRUMENTS

The main risks the foundation's financial instruments are exposed to are credit risk, liquidity risk, market risk and foreign currency risk.

Credit risk

The financial instruments that potentially subject the foundation to a significant concentration of credit risk consist primarily of cash. The foundation mitigates its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

Liquidity risk relates to the risk the foundation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its statement of financial position consist of accounts payable and accrued charges. The foundation manages liquidity risk by monitoring maturities of financial commitments and maintaining adequate cash reserves and available borrowing facilities to meet these commitments as they come due.

Market risk (price risk)

Market risk is the risk that changes in market prices and interest rates will affect the foundation's net earnings or the value of financial instruments. These risks are generally outside the control of the foundation. The objective of the foundation is to mitigate market risk exposures within acceptable limits, while maximizing returns. The foundation's investments in publicly traded securities expose the foundation to market risk as such investments are subject to price changes in the open market. The foundation does not use derivative financial instruments to alter the effects of the risk.

Foreign currency risk

The foundation's earnings are exposed to financial risk that arises from fluctuations in exchange rates and the degree of volatility of these rates. The foundation does not use derivative instruments to reduce its exposure to these financial risks. Approximately \$1,632,404 (2019, \$1,610,999) in net assets are denominated in US dollars.

WINDSOR ESSEX COUNTY CANCER CENTRE FOUNDATION**NOTES TO FINANCIAL STATEMENTS****APRIL 30, 2020**

9. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to estimate the length and severity of these developments.

In so far as the foundation is concerned, the COVID-19 crisis had no impact on the financial statements presented for the year ended April 30, 2020. As of the date of this report, management is aware of the changes in the foundations's activities as a result of the COVID-19 crisis, such as the use of telephone and other technological tools to keep in touch with donors, funding partners researchers and suppliers. Management is confident that its financial position will remain stable and that it will meet the foundation's financial obligations. The Foundation is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.