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Breast Cancer Canada
Financial Statements
June 30, 2022

Breast Cancer Canada
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For the year ended June 31, 2022

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Independent Auditor's Report

To the Board of Breast Cancer Canada:

Qualified Opinion

We have audited the financial statements of Breast Cancer Canada (the "Organization"), which comprise the statement of financial position as at June 30, 2022, and the statements of general fund operations and change in fund balance, special projects fund operations and change in fund balance, 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 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 Organization as at June 30, 2022, and the results of its operations 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 other charitable organizations, the Organization derives revenue from donations and fundraising events, the completeness of which is not susceptible to audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues and the excess of revenues over expenses for the years ended June 30, 2022 and 2021 and current assets and fund balances as at June 30, 2022 and 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

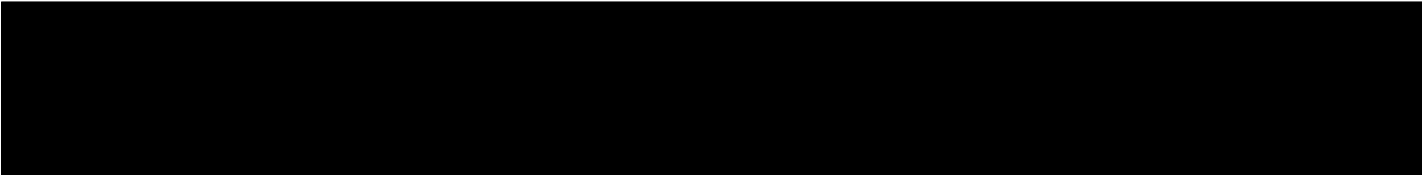
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

Mississauga, Ontario

Chartered Professional Accountants

Licensed Public Accountants

Breast Cancer Canada

Statement of Financial Position

As at June 30, 2022

	2022	2021
Assets		
Current		
Cash	1,343,024	622,450
Sales tax receivable	71,206	24,204
Short-term investments (Note 3)	2,277,072	511,430
Prepaid expenses	23,749	19,045
	3,715,051	1,177,129
Long-term investments (Note 3)	382,728	16,572
Capital assets (Note 4)	12,456	8,044
	4,110,235	1,201,745
Liabilities		
Current		
Accounts payable and accrued liabilities	339,579	251,684
Long-term debt (Note 5)	40,000	40,000
	379,579	291,684
Fund balances		
Special projects fund	100,000	100,000
General fund	3,630,656	810,061
	3,730,656	910,061
	4,110,235	1,201,745
Approved on behalf of the Board		
_____ Director	_____ Director	

The accompanying notes are an integral part of these financial statements

Breast Cancer Canada

Statement of General Fund Operations and Change in Fund Balance

For the year ended June 30, 2022

	2022	2021
Revenue		
Fundraising events	18,236,304	4,539,547
Donations and in memoriam	641,968	526,342
Investment income	25,262	11,607
Unrealized (loss) gain on investments	(85,608)	83,838
Other income (Note 6)	-	41,818
	18,817,926	5,203,152
General expenditures		
Fundraising	13,854,451	3,952,019
Administration	380,888	171,617
Amortization	4,650	3,537
	14,239,989	4,127,173
Functional expenditures		
Breast Cancer Awareness (Note 7)	773,529	271,412
London Health Sciences Foundation (Note 8)	250,000	250,000
Research (Note 7)	99,313	92,247
Dalhousie Medical Research Foundation (Note 8)	84,000	-
Ontario Institute for Cancer (Note 8)	50,500	50,500
University of Saskatchewan (Note 8)	50,000	-
Brandon University (Note 8)	25,000	-
University of Windsor (Note 8)	25,000	-
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Thompson Rivers University (Note 8)	25,000	-
Headwaters Health Institute	-	5,000
	1,407,342	669,159
Excess of revenue over expenses	3,170,595	406,820
General fund balance, beginning of year	810,061	403,241
Interfund transfers (Note 11)	(350,000)	-
General fund balance, end of year	3,630,656	810,061

The accompanying notes are an integral part of these financial statements

Breast Cancer Canada
Statement of Special Projects Fund Operations and Change in Fund Balance

For the year ended June 30, 2022

	2022	2021
General expenditures		
Rebranding	350,000	-
Deficiency of revenue over expenses	(350,000)	-
Special Projects fund balance, beginning of year	100,000	100,000
Interfund transfers (Note 11)	350,000	-
Special Projects fund balance, end of year	100,000	100,000

The accompanying notes are an integral part of these financial statements

Breast Cancer Canada

Statement of Cash Flows

For the year ended June 30, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenue over expenditures - General Fund	3,170,595	406,820
Deficiency of revenue over expenditures - Special Projects Fund	(350,000)	-
Amortization	4,650	3,537
Unrealized loss (gain) on investments	85,608	(83,838)
	2,910,853	326,519
Changes in non-cash working capital balances		
Sales tax receivable	(47,002)	(10,431)
Prepaid expenses	(4,704)	19,341
Accounts payable and accrued liabilities	87,895	176,030
	2,947,042	511,459
Investing activities		
Net purchases of investments	(2,217,405)	(49,904)
Purchase of capital assets	(9,063)	-
	(2,226,468)	(49,904)
Financing activities		
Increase in long-term debt	-	40,000
Increase in cash and cash equivalents	720,574	501,555
Cash and cash equivalents, beginning of year	622,450	120,895
Cash and cash equivalents, end of year	1,343,024	622,450

The accompanying notes are an integral part of these financial statements

Breast Cancer Canada
Notes to the Financial Statements
For the year ended June 30, 2022

1. Purpose of the organization

Breast Cancer Canada (the "Organization") received its letters patent on September 5, 1991, amended on September 21, 1999 and is now governed by the articles of continuance that were issued in 2012, as a registered charity. Its mission is to provide for the detection, treatment, prevention and cure of breast cancer through the funding of medical research and to provide public awareness and education on breast cancer. As a national charity, the Organization's efforts are supported by volunteers, staff and donations raised from communities across Canada.

For Canadian income tax purposes, the Organization is a registered charitable organization which is exempt from income tax under the Income Tax Act. As such, the Organization is able to issue donation tax receipts for income tax purposes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Fund accounting

The Organization follows the deferral method of accounting for contributions and reports using fund accounting and maintains two funds: General Fund and Special Projects Fund.

The General Fund is used to account for functional and general expenditures of the Organization and the revenues financing those operations.

The Special Projects Fund is used to account for the strategic planning, organizational review, and the recruitment expenditures of the Organization. It has been established that the fund will maintain a balance of \$100,000 funded by transfers from the General Fund.

Revenue recognition

The Organization 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.

Fundraising revenue is recognized in the year in which the fundraising event occurs. Any revenue received or costs incurred prior to the fundraising event are deferred.

Government grants and assistance are recognized where there is reasonable assurance that grants and assistance will be received and the conditions have been complied with. Government grants and assistance are recognized in revenue over the periods in which the Organization recognizes expenses which the grants and assistance are intended to compensate.

The Organization is the beneficiary under various wills and trust agreements. The total realizable amounts are not readily determinable. The Organization recognizes such bequests when the proceeds are received or when collection of the amount is reasonably assured.

Contributed services

Contributions of services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the services are used in the normal course of the Organization's operations and would otherwise have been purchased. The Organization's programs benefit substantially from services in the form of volunteer time. The value of volunteer time is not recorded in these financial statements as the fair value of the services cannot be reasonably estimated.

2. Significant accounting policies *(continued from previous page)*

Use of 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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues and expenses in the periods in which they become known.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Organization's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses for the current period.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in deficiency of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Breast Cancer Canada
Notes to the Financial Statements
For the year ended June 30, 2022

2. Significant accounting policies *(continued from previous page)*

Financial asset impairment (continued)

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance or straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Furniture and fixtures	declining balance	20 %
Computer hardware	declining balance	55 %

Allocation of expenses

The Organization allocates certain of its administration expenses to its Breast Cancer Awareness and Research functions by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year.

Breast Cancer Canada
Notes to the Financial Statements
For the year ended June 30, 2022

3. Investments

The tables below show the fair value and the cost of the investments at year-end.

	Cost	2022 Market Value	Cost	2021 Market Value
Current				
Mutual Funds	1,526,244	1,510,860	131,804	144,753
Fixed Income (due within one year)	10,000	10,005	37,098	37,990
Canadian Equity	545,195	553,167	186,869	217,839
Foreign Equity	209,263	203,040	81,534	110,848
	2,290,702	2,277,072	437,305	511,430
Long-term				
Fixed Income	378,992	382,728	15,356	16,572

Fixed income investments due within one year consists of a guaranteed investment certificate bearing interest at 3.370%.

Fixed income investments not due within one year consist of guaranteed investment certificates and corporate bonds bearing interest between 1.40% to 4.859% and mature between September 2023 to November 2027.

4. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	43,878	38,698	7,276	6,475
Computer hardware	74,417	67,141	5,180	1,569
	118,295	105,839	12,456	8,044

5. Long-term debt

Loan payable includes a \$40,000 (2021 - \$40,000) unsecured bank loan received under the Canada Emergency Business Account (CEBA) program which is non-interest bearing until its due date of December 31, 2023. If repaid before this date, 25% of the balance is forgiven. If the loan is not repaid by this date, the loan subsequently converts to a 3-year term loan bearing interest at 5% annually with monthly interest-only payments.

6. Government assistance

In responses to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy for Employers (TWSE) programs in April 2020. CEWS and TWSE provided a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The subsidy was retroactive to March 15, 2020. The qualifications and application of CEWS and TWSE was assessed over multiple four-week application period segments.

Breast Cancer Canada
Notes to the Financial Statements
For the year ended June 30, 2022

6. Government assistance *(continued from previous page)*

The Government of Canada announced the Canada Emergency Rent Subsidy (CERS) program in November 2020. CERS provided a rent subsidy of up to 65% of rent paid to eligible entities based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The subsidy was retroactive to September 27, 2020. The qualification and application of CERS was assessed over multiple four-week application period segments.

During the year, the Organization recorded government assistance related to wage subsidies of \$Nil (2021 - \$41,659) and rent subsidy of \$Nil (2021 - \$159).

7. Allocation of expenses

The Organization allocates its expenses by function into Breast Cancer Awareness and Research. The costs that are directly related to each function have been presented in the Statement of General Fund Operations and Change in Fund Balance.

Included in Breast Cancer Awareness is an allocation of bank charges, office and salaries and wages of \$773,529 (2021 - \$271,412) based on the nature of promotional activity and proportion of staff time spent on the function.

Included in Research is an allocation of salaries and wages of \$99,313 (2021 - \$92,247) based on the proportion of staff time spent on the function.

8. Commitments

In fulfilling the Organization's mission, it has committed to fund the following projects, subject to future revenues and certain performance criteria being met:

(A) London Health Sciences Foundation: \$2,000,000 to May 2030; payable with annual instalments of \$250,000.

(B) Ontario Institute of Cancer Research: \$153,000 to June 2025; payable as follows:

2023	52,000
2024	52,000
2025	49,000
	<u>153,000</u>

(C) University of Calgary: \$50,000 to June 2024; payable as follows:

2023	25,000
2024	25,000
	<u>50,000</u>

(D) Thompson Rivers University: \$50,000 to June 2024; payable as follows:

2023	25,000
2024	25,000
	<u>50,000</u>

(E) University of Saskatchewan: \$50,000 to June 2024; payable as follows:

2023	25,000
2024	25,000
	<u>50,000</u>

Breast Cancer Canada
Notes to the Financial Statements
For the year ended June 30, 2022

8. Commitments *(continued from previous page)*

(F) Dalhousie Medical Research: \$166,000 to June 2024; payable as follows:

2023	83,000
2024	83,000
	<u>166,000</u>

(G) Brandon University: \$50,000 to June 2024; payable as follows:

2023	25,000
2024	25,000
	<u>50,000</u>

The Organization has also entered into a lease agreement with estimated minimum annual payments as follows:

2023	9,732
2024	9,732
2025	811
	<u>20,275</u>

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted to cash.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization has investments with market values of \$203,356 (2021 - \$110,848) denominated in U.S. dollars converted to Canadian dollars. The Organization's investment policies mitigate this risk by limiting concentration levels.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the Organization to a fair value risk since fair value fluctuates inversely to changes in market interest rates. The Organization mitigates this risk by restricting fixed income investments to instruments with high quality credit ratings assigned by a well-recognized credit agency, and by limiting exposure to individual investments.

9. Financial instruments *(continued from previous page)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk on its equity investments. The Organization manages this risk through controls to monitor and limit investment concentration levels.

10. Environmental risk

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has continued to have a significant impact on businesses through restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, the Organization's activities were impacted in both the 2022 and 2021 fiscal years at varying times.

As an evolving risk, the duration and full financial effect of COVID-19 is unknown at this time, as is the efficacy of Canadian, provincial, and municipal government intervention. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly, estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Organization's operations, financial results and conditions in future periods are also subject to significant uncertainty.

11. Interfund transfers

During the year, the Organization incurred \$350,000 of expenditures, which represents Special Project costs related to rebranding and creative development. As a result, the Organization transferred \$350,000 (2021 - \$Nil) from the General Fund to the Organization's restricted Special Projects Fund to fund the expenses incurred and maintain a Special Project Fund balance of \$100,000 as mandated by the Board of Directors of the Organization.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Unrealized gains and losses previously reported in investment income has been separated on the Statement of General of General Fund Operations and Change in Fund Balance.