

BREAST CANCER CANADA

Financial Statements

June 30, 2023



INDEPENDENT AUDITORS' 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, 2023, 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 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 Breast Cancer Canada as at June 30, 2023, and the results of its operations and 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 Organization derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these and revenues was limited to the amounts recorded in the records of the Organization. We were unable to obtain sufficient appropriate audit evidence over and were consequently unable to determine whether any adjustments might be necessary to revenues and excess of revenues over expenses for the year ended June 30, 2023, and current assets and net assets as at June 30, 2023.

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 Organization in accordance with 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 audit opinion.

Other Matter

The financial statements of the Organization for the year ended June 30, 2022 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those financial statements on December 22, 2022.

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.



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INDEPENDENT AUDITORS' REPORT - continued

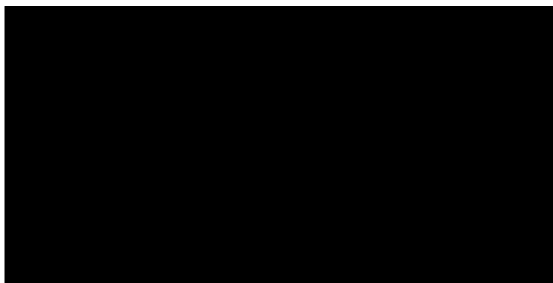
Auditors' Responsibilities for the Audit of the Financial Statements

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 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 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 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 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.



BREAST CANCER CANADA
Statement of Financial Position
June 30, 2023

	2023 \$	2022 \$
Assets		
Current		
Cash	1,432,983	1,343,024
HST recoverable	86,662	71,206
Investments (note 4)	3,166,215	2,277,072
Prepaid expenses	53,592	23,749
	<u>4,739,452</u>	<u>3,715,051</u>
Investments (note 4)	484,167	382,728
Capital assets (note 5)	9,740	12,456
	<u>5,233,359</u>	<u>4,110,235</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	164,171	339,579
Debt (note 6)	40,000	-
	<u>204,171</u>	<u>339,579</u>
Long-term debt	-	40,000
	<u>204,171</u>	<u>379,579</u>
<i>Commitments (note 9)</i>		
Fund balances		
Special projects fund	100,000	100,000
General fund	4,929,188	3,630,656
	<u>5,029,188</u>	<u>3,730,656</u>
	<u>5,233,359</u>	<u>4,110,235</u>

On behalf of the Board

Director

Director

See accompanying notes

BREAST CANCER CANADA**Statement of General Fund Operations and Change in Fund Balance****Year Ended June 30, 2023**

	2023	2022
	\$	\$
Revenues		
Fundraising events	16,335,066	18,236,304
Donations and in memoriam	847,812	641,968
Investment income	28,268	25,262
Unrealized (loss) gain on investments	(17,357)	(85,608)
	<u>17,193,789</u>	<u>18,817,926</u>
General expenditures		
Education and awareness	11,844,140	13,854,451
Administration	782,999	380,888
Amortization	5,505	4,650
	<u>12,632,644</u>	<u>14,239,989</u>
Functional expenditures		
Brandon University (note 9)	25,000	25,000
Breast Cancer Awareness (note 7)	630,357	773,529
Centre Hospitalier de L'Universite de Montreal (note 9)	25,000	-
Dalhousie Medical Research Foundation (note 9)	83,000	84,000
Headwaters Health Institute	5,000	-
London Health Sciences Foundation (note 9)	250,000	250,000
McPeak-Sirois Group	200,000	-
Ontario Institute for Cancer (note 9)	52,000	50,500
Ottawa Hospital Research Institute (note 9)	25,000	-
Quebec City University Hospital Research Centre (note 9)	25,000	-
Research (note 7)	754,696	99,313
Sunnybrook Odette Cancer Centre (note 9)	25,000	-
Thompson Rivers University (note 9)	25,000	25,000
University Health Network (note 9)	1,000,000	-
University of Calgary (note 9)	62,560	25,000
University of Saskatchewan (note 9)	25,000	50,000
University of Windsor	-	25,000
Women's College Hospital University of Toronto (note 9)	50,000	-
	<u>3,262,613</u>	<u>1,407,342</u>
Excess of revenue over expenses	1,298,532	3,170,595
General fund balance, beginning	3,630,656	810,061
Interfund transfers (note 8)	-	(350,000)
General fund balance, ending	<u>4,929,188</u>	<u>3,630,656</u>

BREAST CANCER CANADA

Statement of Special Projects Fund Operations and Change in Fund Balance

Year Ended June 30, 2023

	2023	2022
	\$	\$
General expenditure		
Rebranding	-	350,000
Excess (deficiency) of revenue over expense	-	(350,000)
Special Projects fund balance, beginning	100,000	100,000
Interfund transfers <i>(note 8)</i>	-	350,000
Special Projects fund balance, ending	100,000	100,000

BREAST CANCER CANADA**Statement of Cash Flows****Year Ended June 30, 2023**

	2023	2022
	\$	\$
Cash flows from operating activities		
Excess of revenue over expenditures - General Fund	1,298,532	3,170,595
Excess (deficiency) of revenue over expenditures - Special Projects Fund	-	(350,000)
Items not affecting cash:		
Amortization	5,505	4,650
Unrealized loss on investments	17,357	85,608
	<u>1,321,394</u>	<u>2,910,853</u>
Changes in non-cash working capital:		
HST recoverable	(15,456)	(47,002)
Prepaid expenses	(29,843)	(4,704)
Accounts payable and accrued liabilities	(175,408)	87,895
	<u>1,100,687</u>	<u>2,947,042</u>
Cash flows from investing activities		
Net purchases of investments	(1,007,939)	(2,217,405)
Acquisition of capital assets	(2,789)	(9,063)
	<u>(1,010,728)</u>	<u>(2,226,468)</u>
Increase in cash	89,959	720,574
Cash, beginning	<u>1,343,024</u>	<u>622,450</u>
Cash, ending	<u>1,432,983</u>	<u>1,343,024</u>

BREAST CANCER CANADA

Notes to Financial Statements

Year Ended June 30, 2023

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 for 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, are in accordance with Canadian generally accepted accounting principles 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 maintain 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, as required.

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.

Investment revenue is recognized as revenue when earned.

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.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over expenditures.

Financial assets measured at amortized cost include cash.

Financial assets measured at fair value include equity instruments, mutual funds and fixed income that are quoted in an active market.

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

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BREAST CANCER CANADA

Notes to Financial Statements

Year Ended June 30, 2023

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments - continued

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down from impairment is recognized as a charge to excess of revenues over expenditures.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided for on a declining balance basis at the following rates:

Computer hardware	55%
Furniture and fixtures	20%

Capital assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured by the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Foreign currency translation

Transactions denominated in a foreign currency have been translated at the rate of exchange in effect on the date of the transaction. Monetary items included in the balance sheet have been translated at the rate of exchange in effect as at the balance sheet date. Gains and losses on translations of foreign currencies are included in the determination of revenue over expenses.

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.

Allocation of expenses

The Organization allocates certain of its administrative 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.

Use of estimates

The preparation of the Organization's financial statements, in accordance with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year. Estimates are used when accounting for amortization, accrued liabilities and contingencies, if any. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in the excess of revenues over expenditures in the period in which they become known.

BREAST CANCER CANADA

Notes to Financial Statements

Year Ended June 30, 2023

3. FINANCIAL INSTRUMENTS RISK EXPOSURES

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentration as at the date of the statement of financial position:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due as a result of the Organization's inability to liquidate assets in a timely manner and at reasonable price.

The Organization is exposed to liquidity risk on its account payable and accrued liabilities and debt. The Organization expects to meet these obligations by monitoring cash balances.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is exposed to other price risk and mitigates this risk by investing in a diversified portfolio of investments. The Organization is exposed to currency risk as it holds investments in a foreign currency.

i) 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 \$758,695 (2022 - \$203,356) denominated in U.S. dollars converted to Canadian dollars. The Organization's investment policies mitigate this risk by limiting concentration levels.

ii) 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 investments as disclosed in note 4.

iii) Other price risk

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

Changes in risk

There has been an increase in the Organization's other price risk exposure due to the increase in the investment balance over the prior year. There have been no other significant changes in the Organization's risk exposures from the prior year.

BREAST CANCER CANADA**Notes to Financial Statements****Year Ended June 30, 2023****4. INVESTMENTS**

	2023 \$	2022 \$
<i>Current</i>		
Mutual funds	696,050	1,510,860
Fixed income	252,161	10,005
Canadian equity	1,460,151	553,167
Foreign equity	757,853	203,040
	<u>3,166,215</u>	<u>2,277,072</u>
<i>Long-term</i>		
Fixed income	484,167	382,728
	<u>484,167</u>	<u>382,728</u>
Supplementary Information		
Investments at cost	<u>3,676,774</u>	<u>2,668,834</u>

The fixed income investments bear interest at rates between 1.400% and 5.550% per annum, maturing at various dates between July 2023 and March 2028. The Organization recognized losses of \$46,605 (2022 - \$8,898 gains) on the investments during the fiscal year.

5. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	2023 Net book value \$	2022 Net book value \$
Computer equipment	77,206	71,610	5,596	7,276
Furniture and fixtures	43,878	39,734	4,144	5,180
	<u>121,084</u>	<u>111,344</u>	<u>9,740</u>	<u>12,456</u>

There were no impairment indicators affecting capital assets noted for the year ended June 30, 2023.

6. DEBT

Debt represents amounts due to the Organization's primary lending institution through the Canada Emergency Business Account. The balance is unsecured, non-interest bearing and due January 18, 2024. If repaid before this date, \$10,000 of the balance will be forgiven.

If the loan is not repaid before January 18, 2024, the loan converts to a 3-year term loan. Interest on the loan shall accrue and be repayable monthly at a rate of 5% per annum.

	2023 \$	2022 \$
Total loan	40,000	40,000
Less: forgivable portion	-	-
	<u>40,000</u>	<u>40,000</u>

Subsequent to year end, this loan has been repaid in full.

BREAST CANCER CANADA

Notes to Financial Statements

Year Ended June 30, 2023

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 \$630,357 (2022 - \$773,529) 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 \$754,696 (2022 - \$99,313) based on the proportion of staff time spent on the function.

8. INTERFUND TRANSFERS

During the year, the Organization incurred \$NIL (2022 - \$350,000) of expenditures, which represent Special Projects costs related to rebranding and creative development. As a result, the Organization transferred \$NIL (2022 - \$350,000) 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.

9. COMMITMENTS

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

	2024	2025	2026	2027	2028 and thereafter	Total
London Health Science	250,000	250,000	250,000	250,000	750,000	1,750,000
OICR	52,000	49,000				101,000
University Health Network	1,000,000	1,000,000				2,000,000
University of Calgary	25,000					25,000
Thompson Rivers University	25,000					25,000
University of Saskatchewan	25,000					25,000
Dalhousie Medical Research Akbari	83,000					83,000
	25,000					25,000
Kotsopoulos	25,000	25,000				50,000
Ottawa Hospital	25,000					25,000
Sunnybrook Odette	25,000	25,000				50,000
Centre de Recherche	25,000	25,000				50,000
QC University Hospital	25,000	25,000				50,000
Brandon University	25,000					25,000
McPeak-Sirois Group	500,000	500,000	500,000	500,000	500,000	2,500,000
Total	2,135,000	1,899,000	750,000	750,000	1,250,000	6,784,000

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

	\$
2024	9,732
2025	811
	<u>10,543</u>