

RETHINK BREAST CANCER CANADA
Financial Statements
Year Ended March 31, 2017

RETHINK BREAST CANCER CANADA
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Year Ended March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rethink Breast Cancer Canada

We have audited the accompanying financial statements of Rethink Breast Cancer Canada, which comprise the statement of financial position as at March 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations and fundraising the completeness of which is not susceptible of satisfactory 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 contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Rethink Breast Cancer Canada as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Jonathan Sears CA

Oakville, Ontario
July 25, 2017

Jonathan Sears CA Professional Corporation
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

RETHINK BREAST CANCER CANADA**Statement of Financial Position****March 31, 2017**

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 451,498	\$ 503,732
Short-term investments (Note 3)	19,378	10,102
Accounts receivable	72,389	41,171
Harmonized sales tax recoverable	26,510	42,465
Prepaid expenses	27,931	45,426
	<u>597,706</u>	642,896
CAPITAL ASSETS (Note 4)	<u>112,254</u>	158,881
	<u>\$ 709,960</u>	<u>\$ 801,777</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 28,595	\$ 36,903
Wages payable	16,189	14,663
Deferred contributions (Note 5)	206,772	273,340
	<u>251,556</u>	324,906
DEFERRED CAPITAL (Note 6)	<u>67,959</u>	95,143
	<u>319,515</u>	420,049
NET ASSETS		
General fund	169,438	160,721
Restricted fund	221,007	221,007
	<u>390,445</u>	381,728
	<u>\$ 709,960</u>	<u>\$ 801,777</u>

Director

Director

RETHINK BREAST CANCER CANADA
Statement of Revenues and Expenditures
Year Ended March 31, 2017

	2017	2016
REVENUES		
Corporate sponsorships	\$ 1,282,938	\$ 1,879,556
Annual campaigns and events	798,865	674,875
Other donations	89,363	178,709
Community events	25,022	118,568
	<u>2,196,188</u>	<u>2,851,708</u>
EXPENSES		
Breast cancer programs	1,308,704	1,855,465
Annual campaigns and events	644,414	736,629
Administrative	220,980	286,834
Community events	16,083	62,174
Research grants	3,300	-
	<u>2,193,481</u>	<u>2,941,102</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>2,707</u>	<u>(89,394)</u>
OTHER INCOME		
Unrealized gains on short-term investments	3,392	-
Interest income	1,865	2,053
Dividend income	603	51
Other income	150	-
Realized foreign exchange loss	-	(38)
Loss on disposal of assets	-	(475)
	<u>6,010</u>	<u>1,591</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 8,717</u>	<u>\$ (87,803)</u>

RETHINK BREAST CANCER CANADA

Statement of Changes in Net Assets

Year Ended March 31, 2017

	General Fund	Restricted Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 160,721	\$ 221,007	\$ 381,728	\$ 469,532
Excess of revenues over expenses	8,717	-	8,717	(87,803)
NET ASSETS - END OF YEAR	\$ 169,438	\$ 221,007	\$ 390,445	\$ 381,729

RETHINK BREAST CANCER CANADA**Statement of Cash Flow****Year Ended March 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 8,717	\$ (87,803)
Items not affecting cash:		
Loss on disposal of assets	-	475
Amortization	49,766	35,241
	<u>58,483</u>	<u>(52,087)</u>
Changes in non-cash working capital:		
Accounts receivable	(31,218)	28,032
Harmonized sales tax	15,955	(30,274)
Prepaid expenses	17,495	(35,128)
Accounts payable and accrued liabilities	(8,306)	(28,740)
Wages payable	1,526	14,663
Deferred contributions	(66,568)	153,290
Deferred capital	(27,184)	(13,592)
	<u>(98,300)</u>	<u>88,251</u>
Cash flow from (used by) operating activities	<u>(39,817)</u>	<u>36,164</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(3,141)	(25,661)
Proceeds on disposal of capital assets	-	350
Short-term investments	(9,276)	156,570
Cash flow from (used by) investing activities	<u>(12,417)</u>	<u>131,259</u>
INCREASE (DECREASE) IN CASH FLOW	(52,234)	167,423
Cash - beginning of year	<u>503,732</u>	<u>336,309</u>
CASH - END OF YEAR	\$ 451,498	\$ 503,732

RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2017

NATURE OF ORGANIZATION

Rethink Breast Cancer Canada (the "organization") is a national organization raising funds to fight breast cancer through the advancement of education and research. The organization was incorporated without share capital under the Canadian Corporations Act on March 15, 2001, is a registered Canadian charity, and is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

Rethink Breast Cancer Canada 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and investments with an initial maturity of three months or less at the time of acquisition.

Short-term investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	term of lease	straight-line method
Website	4 years	straight-line method

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired or under development during the year and not placed into use are not amortized until they are placed into use.

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RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred capital

Capital contributions received for the purpose of acquiring capital assets are deferred and amortized on the same basis, and over the same periods, as the related capital assets.

Internally restricted fund

The Internally Restricted Fund is an internally restricted fund for the purpose of funding future research and program initiatives as determined by the board.

Contributed services

The organization receives contributed services (contributions-in-kind) from various organizations and individual volunteers. These items are recorded in the financial statements only when the fair market value can be reasonably estimated.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year \$5,378 in equity securities were donated (2016 - \$5,308).

Allocation of expenses

When allocation an expense among various operating functions, the organization follows the following approach:

For an expense that contributes directly to the output of one function it is applied directly to that function.

For all other expenses, the organization uses the percentage of employee time by function and allocates based the relevant percentage.

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;
- the collectibility of accounts receivable;
- the recoverability of tangible assets;
- the valuation of contributed goods and services

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RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Pledges

Pledges which are legally enforceable (less an allowance for amounts considered uncollectible) are recorded as receivable in the year made. Pledges to support current operations are recorded as general fund receipts. Pledges made for the acquisition of property or to support future operations are recorded as deferred amounts in their respective fund.

2. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current year's presentation.

3. SHORT-TERM INVESTMENTS

	<u>2017</u>	<u>2016</u>
Equity investment	<u>\$ 19,378</u>	<u>\$ 10,102</u>

RETHINK BREAST CANCER CANADA**Notes to Financial Statements****Year Ended March 31, 2017**

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value
Computer equipment	\$ 94,749	\$ 85,493	\$ 9,256
Furniture and fixtures	52,130	43,729	8,401
Leasehold improvements	53,852	44,982	8,870
Website	227,002	141,275	85,727
	<u>\$ 427,733</u>	<u>\$ 315,479</u>	<u>\$ 112,254</u>

Website development costs were capitalized in the prior year as the new website platform had not been launched at year end. Amortization was not taken on the website costs in the prior year. The website was launched in the current year and the development costs were expensed. Amortization was \$40,776 for the year. (2015 - \$35,241)

	Cost	Accumulated amortization	2016 Net book value
Computer equipment	\$ 91,609	\$ 79,203	\$ 12,406
Furniture and fixtures	52,130	41,629	10,501
Leasehold improvements	53,852	39,597	14,255
Website	227,002	105,283	121,719
	<u>\$ 424,593</u>	<u>\$ 265,712</u>	<u>\$ 158,881</u>

5. DEFERRED CONTRIBUTIONS

Deferred contributions represents unspent resources received for which expenses have not yet been incurred. The ending balance represents funds that have been donated and granted to the Organization and set aside for future uses. The deferred contributions balance is as follows:

	2017	2016
Balance at the beginning of the year	\$ 273,340	\$ 120,050
Contributions received	150,522	390,343
Amounts recognized as revenue	(217,090)	(237,053)
Balance at the end of the year	<u>\$ 206,772</u>	<u>\$ 273,340</u>

RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2017

6. DEFERRED CAPITAL

Represented contributions received for the development of a new website in prior year. The website was operational in the current year, therefore the account was amortized.

	<u>2017</u>	<u>2016</u>
Deferred Capital	\$ 108,735	\$ 108,735
Amortization recognized as revenue	<u>(40,776)</u>	<u>(13,592)</u>
	<u>\$ 67,959</u>	<u>\$ 95,143</u>

7. CONTRIBUTED SERVICES

Contributed services were received and recorded in revenues and expenses as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Corporate partners	<u>\$ 604,530</u>	<u>\$ 948,803</u>
Expenses		
Breast cancer programs	<u>\$ 604,530</u>	<u>\$ 948,803</u>

8. EXPENSE ALLOCATION

Salaries and benefits of \$852,233 (2016 - \$886,480), occupancy expenses of \$81,072 (2016 - \$72,238) and amortization expenses of \$49,766 (2016 - \$35,241) have been allocated as follows:

	<u>2017</u>	<u>2016</u>
Breast cancer programs	\$ 498,731	\$ 525,792
Annual campaigns and events	302,560	270,459
Administration	165,648	176,373
Community events	<u>16,132</u>	<u>21,334</u>
	<u>\$ 983,071</u>	<u>\$ 993,958</u>

9. COMMITMENTS

The organization has contractual commitments for the leasing of office space, including common area costs and utilities, expiring June 30, 2018.

Future minimum lease payments:

2018	\$ 60,620
2019	<u>13,500</u>
	<u>\$ 74,120</u>

RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2017

10. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2017.

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 receipt of funds from its donors and other related sources, and accounts payable and accrued liabilities.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its cash held in a high interest savings account.

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 through its investment in quoted shares.
