

RETHINK BREAST CANCER CANADA
Financial Statements
Year Ended March 31, 2019

RETHINK BREAST CANCER CANADA
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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rethink Breast Cancer Canada

Qualified Opinion

We have audited the financial statements of Rethink Breast Cancer Canada (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flow 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 Organization as at March 31, 2019, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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 Auditor's Report to the Members of Rethink Breast Cancer Canada (continued)

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.

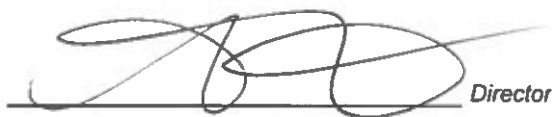
Jonathan Sears CA

Oakville, Ontario
July 31, 2019

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

RETHINK BREAST CANCER CANADA
Statement of Financial Position
March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 221,265	\$ 312,856
Short-term investments (Note 3)	25,450	24,880
Accounts receivable	108,429	213,874
Harmonized sales tax recoverable	30,809	32,909
Prepaid expenses	10,259	11,561
	<u>396,212</u>	596,080
PROPERTY, PLANT AND EQUIPMENT (Note 4)	28,289	27,575
INTANGIBLE ASSETS (Note 5.)	<u>27,697</u>	58,531
	<u>\$ 452,198</u>	<u>\$ 682,186</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 39,502	\$ 53,207
Wages payable	7,258	4,982
Government remittances payable	7,821	5,645
Deferred contributions (Note 6)	<u>157,391</u>	259,461
	211,972	323,295
DEFERRED CAPITAL (Note 7)	<u>13,593</u>	40,776
	225,565	364,071
NET ASSETS		
General fund	<u>226,633</u>	318,115
	<u>\$ 452,198</u>	<u>\$ 682,186</u>

 Director

 Director

RETHINK BREAST CANCER CANADA
Statement of Revenues and Expenditures
Year Ended March 31, 2019

	2019	2018
REVENUES		
Corporate sponsorships	\$ 744,940	\$ 1,355,653
Annual campaigns and events	641,058	579,422
Community events	58,688	53,584
Other donations	37,825	119,327
	<u>1,482,511</u>	<u>2,107,986</u>
EXPENSES		
Breast cancer programs	840,584	1,315,814
Annual campaigns and events	437,426	588,054
Administrative	196,623	209,959
Consulting fees	57,537	37,298
Community events	28,334	11,221
Research grants	16,500	11,550
	<u>1,577,004</u>	<u>2,173,896</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(94,493)</u>	<u>(65,910)</u>
OTHER INCOME		
Unrealized gains on short-term investments	-	965
Interest income	2,441	909
Dividend income	-	576
Other income	570	-
Loss on disposal of assets	-	(8,870)
	<u>3,011</u>	<u>(6,420)</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (91,482)</u>	<u>\$ (72,330)</u>

RETHINK BREAST CANCER CANADA
Statement of Changes in Net Assets
Year Ended March 31, 2019

	<u>2019</u>	<u>2018</u>
NET ASSETS - BEGINNING OF YEAR	\$ 318,115	\$ 390,445
Deficiency of revenues over expenses	<u>(91,482)</u>	<u>(72,330)</u>
NET ASSETS - END OF YEAR	<u>\$ 226,633</u>	<u>\$ 318,115</u>

RETHINK BREAST CANCER CANADA
Statement of Cash Flow
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (91,482)	\$ (72,330)
Items not affecting cash:		
Loss on disposal of property, plant and equipment	-	8,870
Amortization	50,308	47,670
	<u>(41,174)</u>	<u>(15,790)</u>
Changes in non-cash working capital:		
Accounts receivable	105,445	(141,485)
Harmonized sales tax	2,100	(6,399)
Prepaid expenses	1,302	16,370
Accounts payable and accrued liabilities	(13,705)	24,611
Wages payable	(3,369)	(5,562)
Deferred contributions	(102,070)	52,689
Deferred capital	(27,183)	(27,184)
Employee deductions payable	7,821	-
	<u>(29,659)</u>	<u>(86,960)</u>
Cash flow used by operating activities	<u>(70,833)</u>	<u>(102,750)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(20,188)	(30,390)
Short-term investments	(570)	(5,502)
Cash flow used by investing activities	<u>(20,758)</u>	<u>(35,892)</u>
DECREASE IN CASH FLOW	(91,591)	(138,642)
Cash - beginning of year	<u>312,856</u>	<u>451,498</u>
CASH - END OF YEAR	\$ 221,265	\$ 312,856
CASH CONSISTS OF:		
Cash	<u>\$ 221,265</u>	<u>\$ 312,856</u>

RETHINK BREAST CANCER CANADA
Notes to Financial Statements
Year Ended March 31, 2019

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.

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RETHINK BREAST CANCER CANADA
Notes to Financial Statements
Year Ended March 31, 2019

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

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life 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

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired or under development during the year and not placed into use are not amortized until they are placed into use.

Deferred capital

Capital contributions received for the purpose of acquiring property, plant, & equipment are deferred and amortized on the same basis, and over the same periods, as the related property, plant, & equipment.

Intangible assets

Website development costs are capitalized if they significantly enhance the capability or capacity of the company's website. Costs capitalized include external direct costs of materials and services. Any costs during the preliminary project stage or related to training or maintenance is expensed as incurred. Capitalization ceases when the projects are substantially complete and ready for their intended use.

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 \$0 in equity securities were donated (2018 - \$5,062).

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RETHINK BREAST CANCER CANADA
Notes to Financial Statements
Year Ended March 31, 2019

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

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 property, plant and equipment;
- the estimated useful lives of assets;
- the collectibility of accounts receivable;
- the recoverability of tangible assets;
- the valuation of contributed goods and services

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.

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RETHINK BREAST CANCER CANADA
Notes to Financial Statements
Year Ended March 31, 2019

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

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

	2019	2018
Equity investment	\$ 25,450	\$ 24,880

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value
Computer equipment	\$ 123,280	\$ 105,462	\$ 17,818
Furniture and fixtures	57,791	47,320	10,471
	\$ 181,071	\$ 152,782	\$ 28,289

Amortization was \$13,138 for the year (2018 - \$10,422).

	Cost	Accumulated amortization	2018 Net book value
Computer equipment	\$ 115,089	\$ 94,235	\$ 20,854
Furniture and fixtures	52,130	45,409	6,721
	\$ 167,219	\$ 139,644	\$ 27,575

RETHINK BREAST CANCER CANADA
Notes to Financial Statements
Year Ended March 31, 2019

5. INTANGIBLE ASSETS

	<u>2019</u>	<u>2018</u>
Website development	\$ 243,390	\$ 237,053
Accumulated amortization	(215,693)	(178,522)
	-	-
	<u>\$ 27,697</u>	<u>\$ 58,531</u>

Amortization was \$37,171 for the year (2018 - \$37,247).

6. 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:

	<u>2019</u>	<u>2018</u>
Balance at the beginning of the year	\$ 259,461	\$ 206,772
Contributions received	147,217	239,287
Amounts recognized as revenue	(249,287)	(186,598)
Balance at the end of the year	<u>\$ 157,391</u>	<u>\$ 259,461</u>

7. DEFERRED CAPITAL

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

	<u>2019</u>	<u>2018</u>
Deferred Capital	\$ 108,735	\$ 108,735
Amortization recognized as revenue	(95,142)	(67,959)
	<u>\$ 13,593</u>	<u>\$ 40,776</u>

8. CONTRIBUTED SERVICES

Contributed services were not received in fiscal 2019. These services in the past have been for promotional and advertising items. They have previously been recorded in revenues and expenses as follows:

	<u>2019</u>	<u>2018</u>
Revenues		
Corporate partners	<u>\$ -</u>	<u>\$ 514,335</u>

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RETHINK BREAST CANCER CANADA
Notes to Financial Statements
Year Ended March 31, 2019

8. CONTRIBUTED SERVICES *(continued)*
Expenses

Breast cancer programs	\$ -	\$ 514,335
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9. EXPENSE ALLOCATION

Salaries and benefits of \$684,303 (2018 - \$813,415), occupancy expenses of \$66,722 (2018 - \$78,217) and amortization expenses of \$50,308 (2018 - \$47,670) have been allocated as follows:

	2019	2018
Breast cancer programs	\$ 512,459	\$ 487,767
Annual campaigns and events	203,153	268,197
Administration	73,055	171,825
Community events	12,666	11,221
	\$ 801,333	\$ 939,010
