

RETHINK BREAST CANCER CANADA
Financial Statements
Year Ended March 31, 2013

RETHINK BREAST CANCER CANADA

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Year Ended March 31, 2013

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CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors 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, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows 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 audit opinion.

(continues)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rethink Breast Cancer Canada as at March 31, 2013 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.

The financial statements for the year ended March 31, 2012 were reviewed by another accounting firm and are presented for comparative purposes only.

Comparative Information

Without modifying our opinion, we draw attention to Note 10 to the financial statements which describes that Rethink Breast Cancer Canada adopted Canadian Accounting Standards for Not-for-Profit Organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at March 31, 2012 and April 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Jonathan Sears CA

Mississauga, Ontario
June 24, 2013

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

RETHINK BREAST CANCER CANADA**Statement of Financial Position****March 31, 2013**

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 581,095	\$ 601,125
Short-term investments (Note 3)	36,222	122,979
Accounts receivable	12,220	4,416
Harmonized sales tax recoverable	41,563	9,564
Prepaid expenses	10,968	9,555
	<u>682,068</u>	747,639
CAPITAL ASSETS (Note 4)	<u>80,633</u>	100,407
	<u>\$ 762,701</u>	<u>\$ 848,046</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 26,364	\$ 78,557
Wages payable	31,793	27,531
Deferred revenue (Note 5)	186,750	68,750
	<u>244,907</u>	174,838
NET ASSETS		
General fund	271,075	416,489
Internally restricted fund	246,719	256,719
	<u>517,794</u>	673,208
	<u>\$ 762,701</u>	<u>\$ 848,046</u>

ON BEHALF OF THE BOARD_____
*Director*_____
Director

RETHINK BREAST CANCER CANADA
Statement of Revenues and Expenditures
Year Ended March 31, 2013

	2013	2012
REVENUES		
Corporate sponsorships	\$ 860,722	\$ 1,288,688
Annual campaigns and events	413,936	497,510
Community events	209,918	331,540
Other donations	126,841	144,872
Fashion targets breast cancer	-	120,000
	<u>1,611,417</u>	<u>2,382,610</u>
EXPENSES		
Breast cancer programs	1,036,256	1,807,484
Annual campaigns and events	417,325	436,729
Administrative	257,833	189,950
Community events	61,476	204,322
Fashion targets breast cancer	1,130	36,414
Research grants	-	79,289
	<u>1,774,020</u>	<u>2,754,188</u>
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(162,603)</u>	<u>(371,578)</u>
OTHER INCOME		
Dividend income	1,064	-
Interest income	5,409	10,293
Unrealized gains on short-term investments	716	3,128
	<u>7,189</u>	<u>13,421</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (155,414)</u>	<u>\$ (358,157)</u>

RETHINK BREAST CANCER CANADA**Statement of Changes in Net Assets****Year Ended March 31, 2013**

	General Fund	Internally Restricted Fund	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 416,489	\$ 256,719	\$ 673,208	\$ 1,031,366
Deficiency of revenues over expenses	(145,414)	(10,000)	(155,414)	(358,157)
NET ASSETS - END OF YEAR	\$ 271,075	\$ 246,719	\$ 517,794	\$ 673,209

RETHINK BREAST CANCER CANADA**Statement of Cash Flows****Year Ended March 31, 2013**

	2013	2012
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (155,414)	\$ (358,157)
Items not affecting cash:		
Amortization of capital assets	36,744	38,980
Unrealized gains on short-term investments	(716)	(3,128)
	<u>(119,386)</u>	<u>(322,305)</u>
Changes in non-cash working capital:		
Accounts receivable	(7,804)	81,342
Harmonized sales tax recoverable	(31,999)	29,329
Prepaid expenses	(1,413)	22,104
Accounts payable and accrued liabilities	(52,192)	4,033
Wages payable	4,262	27,531
Deferred revenue	118,000	26,750
	<u>28,854</u>	<u>191,089</u>
Cash flow used by operating activities	<u>(90,532)</u>	<u>(131,216)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(16,971)	(1,472)
Short-term investments	87,473	529,865
	<u>70,502</u>	<u>528,393</u>
Cash flow from investing activities	<u>70,502</u>	<u>528,393</u>
INCREASE (DECREASE) IN CASH FLOW	(20,030)	397,177
Cash - beginning of year	<u>601,125</u>	<u>203,948</u>
CASH - END OF YEAR	\$ 581,095	\$ 601,125
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 5,409</u>	<u>\$ 10,293</u>
CASH CONSISTS OF:		
Cash	<u>\$ 581,095</u>	<u>\$ 601,125</u>

RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2013

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 were, prior to the organization's adoption of Canadian Accounting Standards for Not-for-Profit Organizations, classified as held for trading and carried at fair value. As described in Note 10, the organization has adopted new accounting standards during the year and accordingly, such investments continue to be 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 during the year but 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, 2013

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

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 \$10,236 in equity securities were donated (2012 - \$11,955).

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.

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.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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.

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RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2013

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

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.

Comparative figures

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

3. SHORT-TERM INVESTMENTS

	<u>2013</u>	<u>2012</u>
Term deposit bearing interest at 2.5%, maturing Mar 9, 2013	\$ -	\$ 93,000
Accrued interest receivable	-	4,854
Equity investment	36,222	25,125
	\$ 36,222	\$ 122,979

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2013 Net book value
Computer equipment	\$ 72,420	\$ 57,559	\$ 14,861
Furniture and fixtures	52,130	31,620	20,510
Leasehold improvements	42,513	25,142	17,371
Website	83,038	55,147	27,891
	\$ 250,101	\$ 169,468	\$ 80,633

	Cost	Accumulated amortization	2012 Net book value
Computer equipment	\$ 60,338	\$ 50,343	\$ 9,995
Furniture and fixtures	47,242	27,103	20,139
Leasehold improvements	42,513	20,891	21,622
Website	83,038	34,387	48,651
	\$ 233,131	\$ 132,724	\$ 100,407

RETHINK BREAST CANCER CANADA**Notes to Financial Statements****Year Ended March 31, 2013**

5. DEFERRED REVENUE

	<u>2013</u>	<u>2012</u>
Balance at the beginning of the year	\$ 68,750	\$ 42,000
Contributions received	205,500	87,500
Amounts recognized as revenue	<u>(87,500)</u>	<u>(60,750)</u>
Balance at the end of the year	<u>\$ 186,750</u>	<u>\$ 68,750</u>

6. CONTRIBUTED SERVICES

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

	<u>2013</u>	<u>2012</u>
Revenues		
Corporate partners	\$ 300,000	\$ 733,487
Annual campaigns and events	45,000	181,124
	<u>\$ 345,000</u>	<u>\$ 914,611</u>
Expenses		
Breast cancer programs	\$ 300,000	\$ 793,977
Annual campaigns and events	45,000	102,480
Fashion targets breast cancer	-	18,154
	<u>\$ 345,000</u>	<u>\$ 914,611</u>

7. EXPENSE ALLOCATION

Salaries and benefits of \$857,462 (2012 - \$778,238), occupancy expenses of \$68,517 (2012 - \$67,503) and amortization expenses of \$36,744 (2012 - \$38,980) have been allocated as follows:

	<u>2013</u>	<u>2012</u>
Breast cancer programs	\$ 492,650	\$ 551,507
Annual campaigns and events	225,036	161,970
Administration	192,949	121,322
Community events	50,958	35,571
Fashion Targets Breast Cancer	<u>1,130</u>	<u>14,349</u>
	<u>\$ 962,723</u>	<u>\$ 884,719</u>

RETHINK BREAST CANCER CANADA

Notes to Financial Statements

Year Ended March 31, 2013

8. COMMITMENTS

The organization has contractual commitments for the leasing of office space, including common area costs and utilities, expiring June 30, 2017.

Future minimum lease payments:

2014	\$	54,251
2015		55,217
2016		55,458
2017		55,458
2018		13,865
		<hr/>
	\$	<u>234,249</u>

9. 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, 2013.

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.

RETHINK BREAST CANCER CANADA**Notes to Financial Statements****Year Ended March 31, 2013****10. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

During the year the organization adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPPO had no impact on net assets as at April 1, 2011 or revenues and expenditures or cash flows for the year ended March 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

a) The statement of financial position at April 1, 2011 has been restated as follows:

	<i>April 1</i> 2011	Adjustment	Restated
ASSETS			
Cash and investments	\$ 355,544	\$ (355,544)	\$ -
Cash	-	203,948	203,948
Short-term investments	-	649,718	649,718
Accounts receivable	124,651	(38,893)	85,758
Harmonized sales tax recoverable	-	38,893	38,893
Prepaid expenses	31,659	-	31,659
	511,854	498,122	1,009,976
CAPITAL ASSETS	137,914	-	137,914
RESTRICTED CASH AND INVESTMENTS	498,122	(498,122)	-
	\$ 1,147,890	\$ -	\$ 1,147,890
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 74,524	\$ -	\$ 74,524
Deferred revenue	42,000	-	42,000
	116,524	-	116,524
	116,524	-	116,524
NET ASSETS			
Unrestricted	395,330	137,914	533,244
Internally restricted	498,122	-	498,122
Invested in capital assets	137,914	(137,914)	-
	1,031,366	-	1,031,366
	\$ 1,147,890	\$ -	\$ 1,147,890