
Financial statements of Prostate Cancer Canada

March 31, 2019

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Independent Auditor's Report

To the Board of Directors of
Prostate Cancer Canada

Opinion

We have audited the financial statements of Prostate Cancer Canada (the "Organization"), which comprise the statement of the balance sheet as at March 31, 2019, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, 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, changes in net assets, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 19, 2019

Prostate Cancer Canada

Statement of operations and changes in net assets

Year ended March 31, 2019

(In thousands of dollars)

	General Fund	Restricted Fund	2019 Total	General Fund	Restricted Fund	2018 Total
Notes	\$	\$	\$	\$	\$	\$
	(Note 6)			(Note 6)		
Revenue						
Funds raised						
Individual and corporate gifts	5,371	—	5,371	4,543	—	4,543
Movember	—	3,086	3,086	—	4,160	4,160
Special events	2,868	—	2,868	3,560	—	3,560
Interest	217	—	217	166	—	166
	8,456	3,086	11,542	8,269	4,160	12,429
Mission investments						
Research	1,430	5,934	7,364	2,187	4,749	6,936
Public education and awareness	1,204	—	1,204	943	—	943
Support groups/survivorship	489	41	530	404	162	566
Less recoveries of previously issued grants	(49)	(131)	(180)	—	(960)	(960)
	3,074	5,844	8,918	3,534	3,951	7,485
Fundraising	3,690	—	3,690	3,511	—	3,511
General and administration	1,254	—	1,254	1,147	—	1,147
	4,944	—	4,944	4,658	—	4,658
Excess of (expenses over revenue)/revenue over expenses	438	(2,758)	(2,320)	77	209	286
Net assets, beginning of year	1,768	9,668	11,436	1,691	9,459	11,150
Net assets, end of year	2,206	6,910	9,116	1,768	9,668	11,436

The accompanying notes are an integral part of the financial statements.

Prostate Cancer Canada

Balance sheet

As at March 31, 2019

(In thousands of dollars)

	Notes	General Fund \$	Restricted Fund \$	2019 Total \$	General Fund \$	Restricted Fund \$	2018 Total \$
			(Note 6)			(Note 6)	
Assets							
Current assets							
Cash		683	—	683	895	—	895
Investments	3	2,710	9,195	11,905	2,438	8,781	11,219
Accounts receivable	6	146	12,600	12,746	188	18,921	19,109
Inter-fund receivable		79	—	79	114	—	114
Prepaid expenses		221	—	221	107	—	107
		3,839	21,795	25,634	3,742	27,702	31,444
Capital assets	4	64	—	64	101	—	101
		3,903	21,795	25,698	3,843	27,702	31,545
Liabilities							
Current liabilities							
Accounts payable and accrued charges		293	135	428	321	—	321
Inter-fund payable		—	79	79	—	114	114
Deferred revenue		91	—	91	305	—	305
Grants and awards payable	5	1,129	8,813	9,942	1,334	10,445	11,779
		1,513	9,027	10,540	1,960	10,559	12,519
Long-term							
Grants and awards payable	5	184	5,858	6,042	115	7,475	7,590
		1,697	14,885	16,582	2,075	18,034	20,109
Net assets		2,206	6,910	9,116	1,768	9,668	11,436
		3,903	21,795	25,698	3,843	27,702	31,545

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 Director
 Director

Prostate Cancer Canada**Statement of cash flows**

Year ended March 31, 2019

(In thousands of dollars)

	2019	2018
	\$	\$
Operating activities		
Excess of (expenses over revenue)/ revenue over expenses	(2,320)	286
Item not affecting cash		
Amortization	63	69
	(2,257)	355
Changes in non-cash working capital items		
Accounts receivable	6,363	6,503
Prepaid expenses	(114)	28
Accounts payable and accrued charges	107	41
Deferred revenue	(214)	280
Grants and awards payable	(3,385)	(10,027)
	500	(2,820)
Investing activities		
Change in investments	(686)	2,591
Additions to capital assets	(26)	(32)
	(712)	2,559
Net cash outflow	(212)	(261)
Cash, beginning of year	895	1,156
Cash, end of year	683	895

The accompanying notes are an integral part of the financial statements.

Prostate Cancer Canada

Notes to the financial statements

March 31, 2019

(In thousands of dollars)

1. Organization

Prostate Cancer Canada ("PCC") develops programs related to awareness, public education, advocacy, support of those affected, and research into the prevention, detection, treatment and cure of prostate cancer.

PCC is a registered charity incorporated under the provisions of the Canada Not-for-Profit Corporations Act ("CNCA") as an organization without share capital.

PCC is a registered charity under the Income Tax Act (Canada) under Registration Number 89127 0944 RR 0001 and, accordingly, is exempt from income taxes provided certain requirements under the Income Tax Act (Canada) are met.

2. Significant accounting policies

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by Chartered Professional Accountants of Canada, using the restricted fund method for the recognition of restricted contributions.

Funds

The financial statements separately disclose the activities of the following funds maintained by PCC:

General Fund

The general fund is used to record all fundraising, mission and administration activities upon which no restrictions have been placed.

Restricted Fund

The restricted fund is used to record donations with specific restrictions as to the use of funds, along with the related expenses.

Revenue recognition

General donations are recognized as revenue in the year in which they are received. Donations received in advance of events are deferred and recognized as revenue in the year in which the related expenses are incurred. Investment income is recognized on an accrual basis. Restricted donations are recognized on an accrual basis in the appropriate fund.

Financial instruments

PCC initially recognizes financial instruments at fair value and subsequently measures them at each reporting date as follows:

Asset/liability	Measurement
Cash	Fair Value
Investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Research grants payable	Amortized cost

Prostate Cancer Canada
Notes to the financial statements

March 31, 2019

(In thousands of dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset shall be written down and the resulting impairment loss will be recognized in the Statement of operations for the period.

Capital assets

Capital assets are recorded at cost and amortization is provided on the straight-line basis over their estimated useful lives from the month of purchase, as shown below.

Furniture and equipment	5 years
Computer hardware and software	3 years
Leasehold improvements	Terms of lease

Grants

The preliminary provision for research and survivorship grants are expensed when both the grant is approved by the Board through the budget process and the funds are available for distribution. Final allocation to specific recipients may result in an adjustment to the original funding allocations and such adjustments, if any, are recorded in the period in which the adjustment occurs. Individual grants may be awarded for a period covering more than one fiscal year, subject to available funding and performance criteria.

Management 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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Accounts requiring significant estimates and assumptions include amortization expense and accrued charges.

3. Investments

	2019	2018
	\$	\$
Guaranteed investment certificates	2,000	2,000
Instant access investment accounts	9,612	9,010
Term deposit	250	200
Accrued interest	43	9
	11,905	11,219

The Guaranteed Investment Certificate has an interest rate of 2.35% and matures in 2019. The instant access investment accounts have an interest rate of 1.55%.

Prostate Cancer Canada
Notes to the financial statements

March 31, 2019

(In thousands of dollars)

4. Capital assets

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Leasehold improvements	34	17	17	19
Furniture and equipment	212	208	4	11
Computer hardware and software	209	166	43	71
	455	391	64	101

5. Grants and awards payable

The Board of Directors of PCC approves all research and survivorship envelopes.

Continuity of Grants and awards payable is as follows:

	General Fund \$	Restricted Fund \$	2019 Total \$	2018 Total \$
Research Grants and Awards				
Research grants payable, beginning of year	1,449	17,483	18,932	27,897
Provision for future grants	1,010	5,661	6,671	6,180
Cancellation of unspent grants	(31)	—	(31)	(246)
Payments to recipients	(1,115)	(8,663)	(9,778)	(14,899)
Research grants payable, end of year	1,313	14,481	15,794	18,932
Current portion	1,129	8,623	9,752	11,342
Long-term portion	184	5,858	6,042	7,590
Survivorship Grants				
Survivorship grants payable, beginning of year	—	437	437	1,499
Provision for future grants	—	—	—	—
Cancellation of unspent grants	—	—	—	(356)
Payments to recipients	—	(247)	(247)	(706)
Survivorship grants payable, end of year	—	190	190	437
Current portion	—	190	190	437
Long-term portion	—	—	—	—
Total Grants				
Total grants payable, beginning of year	1,449	17,920	19,369	29,396
Provision for future grants	1,010	5,661	6,671	6,180
Cancellation of unspent grants	(31)	—	(31)	(602)
Payments to recipients	(1,115)	(8,910)	(10,025)	(15,605)
Total grants payable, end of year	1,313	14,671	15,984	19,369
Current portion	1,129	8,813	9,942	11,779
Long-term portion	184	5,858	6,042	7,590

In addition to the provision for future grants, \$383 (\$299 in 2018) related to research and survivorship related initiatives has been expensed as part of the research and survivorship programs.

Prostate Cancer Canada
Notes to the financial statements

March 31, 2019

(In thousands of dollars)

6. Restricted Fund

The restricted fund was established to account for funds received from Movember Canada and is restricted as follows: (i) survivorship initiatives; (ii) innovative research. Funds for program expenditures as defined by the Movember Beneficiary Agreement are charged to these respective initiatives as incurred.

The restricted funds of \$6,910 as at March 31, 2019 (\$9,668 in 2018) have been designated to research and survivorship programs over the next three years in line with Board approved strategy and the Movember Beneficiary Agreement.

For the year ended March 31, 2019, one donor (Movember Canada) accounted for approximately 27% (33% in 2018) of the total revenues of PCC and 99% (99% in 2018) of the accounts receivable as at March 31.

7. Commitments

Leases

PCC is committed under operating leases for office space and equipment. These leases commenced on April 1, 2011 and November 1, 2015 for durations of 15 and 5 years, respectively. The total amounts due are as follows:

	\$
2020	368
2021	368
2022	359
2023	359
2024	359
Thereafter	<u>718</u>

Grants

As at March 31, 2019, PCC has awarded research grants totaling \$20 (\$511 in 2018), which are not yet expensed but are expected to be made over the next year, subject to future revenue and to certain performance conditions being met.

8. Volunteer services

PCC benefits substantially from services in the form of volunteer time. These valuable services are not recorded in the financial statements.

9. Allocation of expenses

PCC incurs general staffing expenses that are common to the administration of the organization and each of its functions. Certain staff expenses are allocated to specific functions based on the overall proportion of time spent by staff.

Prostate Cancer Canada
Notes to the financial statements

March 31, 2019
(In thousands of dollars)

9. Allocation of expenses (continued)

PCC has allocated staff costs as follows:

	2019	2018
	\$	\$
Fundraising	1,076	998
Research	639	639
Public education and awareness	868	746
Support groups/survivorship	261	365
General and administration	403	386
	3,247	3,134

10. Financial instruments

PCC is exposed to the following risks related to its financial assets and liabilities:

a) *Credit risk*

PCC is subject to credit risk through its receivables and investments. Credit risk arises from the potential that the counterparty will fail to perform its obligations. Credit risk with respect to investments is limited due to the types of instruments held, which are described in Note 3.

b) *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. PCC is exposed to this risk through its investments as this balance bears interest at varying rates and are subject to change due to, without limitation, such factors as interest rates and general economic conditions.

11. Lotteries

PCC conducts charitable lotteries in accordance with provincial regulations. The proceeds are used by PCC for mission related investments. During the year ended March 31, 2019, PCC held two lotteries (two in 2018). The financial results were as follows:

	2019	2018
	\$	\$
Special events revenue	617	513
Fundraising expenses	142	125
Net revenue	475	388

At March 31, 2019, PCC has a letter of credit of \$235 in connection with the lottery.