

Financial statements of

Prostate Cancer Canada

March 31, 2017

Prostate Cancer Canada

March 31, 2017

Table of contents

Independent Auditor’s Report 1-2

Statement of operations and changes in net assets 3

Balance sheet 4

Statement of cash flows 5

Notes to the financial statements 6-10

Independent Auditor's Report

To the Board of Directors of
Prostate Cancer Canada

We have audited the accompanying financial statements of Prostate Cancer Canada which comprise the balance sheet as at March 31, 2017, the statements of operations and 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prostate Cancer Canada as at March 31, 2017 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.

A handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive script, and "LLP" is written in a simpler, more upright font.

Chartered Professional Accountants
Licensed Public Accountants
June 21, 2017

Prostate Cancer Canada

Statement of operations and changes in net assets year ended March 31, 2017

(In thousands of dollars)

	2017			2016		
	General Fund	Restricted Fund (Note 6)	Total	General Fund	Restricted Fund (Note 6)	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Funds raised						
Individual and corporate gifts	3,828	-	3,828	4,941	-	4,941
Movember (Note 6)	-	6,233	6,233	-	7,108	7,108
Special events	3,313	-	3,313	4,000	-	4,000
Interest	170	-	170	321	-	321
	7,311	6,233	13,544	9,262	7,108	16,370
Mission investments						
Research	1,555	8,159	9,714	3,268	7,138	10,406
Public education and awareness	980	-	980	617	-	617
Support groups/survivorship	611	338	949	709	316	1,025
	3,146	8,497	11,643	4,594	7,454	12,048
Fundraising	3,380	-	3,380	3,424	-	3,424
General and administration	1,171	-	1,171	1,225	-	1,225
	4,551	-	4,551	4,649	-	4,649
Excess of (expenses over revenue) revenue over expenses	(386)	(2,264)	(2,650)	19	(346)	(327)
Net assets, beginning of year	2,077	11,723	13,800	2,058	12,069	14,127
Net assets, end of year	1,691	9,459	11,150	2,077	11,723	13,800

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

Prostate Cancer Canada

Balance sheet

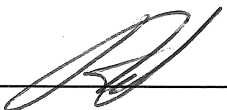
as at March 31, 2017

(In thousands of dollars)

	2017			2016		
	General Fund	Restricted Fund (Note 6)	Total	General Fund	Restricted Fund (Note 6)	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash	1,156	-	1,156	794	-	794
Investments (Note 3)	1,464	12,346	13,810	4,547	15,115	19,662
Accounts receivable (Note 6)	390	25,222	25,612	234	28,980	29,214
Inter-fund receivable	123	-	123	126	-	126
Prepaid expenses	135	-	135	63	-	63
	3,268	37,568	40,836	5,764	44,095	49,859
Capital assets (Note 4)	138	-	138	194	-	194
	3,406	37,568	40,974	5,958	44,095	50,053
Liabilities						
Current liabilities						
Accounts payable and accrued charges	280	-	280	349	-	349
Inter-fund payable	-	123	123	-	126	126
Deferred revenue	25	-	25	68	-	68
Grants and awards payable (Note 5)	1,235	12,600	13,835	3,123	15,533	18,656
	1,540	12,723	14,263	3,540	15,659	19,199
Long-term						
Grants and awards payable (Note 5)	175	15,386	15,561	341	16,713	17,054
	1,715	28,109	29,824	3,881	32,372	36,253
Net assets	1,691	9,459	11,150	2,077	11,723	13,800
	3,406	37,568	40,974	5,958	44,095	50,053

Approved by the Board

 Director

 Director

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

Prostate Cancer Canada

Statement of cash flows year ended March 31, 2017

(In thousands of dollars)

	2017	2016
	\$	\$
Operating activities		
Excess of (expenses over revenue)	(2,650)	(327)
Item not affecting cash		
Amortization	80	72
	(2,570)	(255)
Changes in non-cash working capital items		
Accounts receivable	3,602	2,189
Prepaid expenses	(72)	21
Accounts payable and accrued charges	(69)	(268)
Deferred revenue	(43)	(83)
Grants and awards payable	(6,314)	(8,479)
	(5,466)	(6,875)
Investing activities		
Change in investments	5,852	7,130
Additions to capital assets	(24)	(97)
	5,828	7,033
Net cash inflow	362	158
Cash, beginning of year	794	636
Cash, end of year	1,156	794

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

Prostate Cancer Canada

Notes to the financial statements

March 31, 2017

(Tabular amounts 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.

Prostate Cancer Canada is incorporated without share capital under the Ontario Corporations Act.

PCC is a registered charity and, accordingly, is not subject to income taxes and is able to issue donation receipts for income tax purposes, under Registration Number 89127 0944 RR 0001.

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:

<u>Asset/liability</u>	<u>Measurement</u>
Cash	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Research grants payable	Amortized cost

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.

Prostate Cancer Canada

Notes to the financial statements

March 31, 2017

(Tabular amounts in thousands of dollars)

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost and amortization is provided on the straight-line basis over their estimated useful lives, as shown below. One-half of the annual amortization is taken in the year of purchase.

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

Research grants

The preliminary provision for research grants is expensed as approved by the Board. Final allocation to specific recipients once determined may result in an adjustment to the 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

	2017	2016
	\$	\$
Guaranteed investment certificates	6,030	6,000
Schedule I bank bond	-	4,000
Instant access savings account	7,526	9,411
Term deposit	200	200
Accrued interest	54	51
	13,810	19,662

The Guaranteed Investment Certificates have interest rates ranging from 1.40% to 1.73% and mature in 2017 and 2018.

The instant access savings accounts have interest rates ranging from 0.80% and 0.75%.

4. Capital assets

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	34	13	21	23
Furniture and equipment	264	231	33	64
Computer hardware and software	263	179	84	107
	561	423	138	194

Prostate Cancer Canada

Notes to the financial statements

March 31, 2017

(Tabular amounts in thousands of dollars)

5. Grants and awards payable

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

Continuity of Grants and awards is as follows:

			2017	2016
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Research grants and awards				
Research grants payable, beginning of year	3,464	29,184	32,648	39,067
Provision for future grants	955	8,094	9,049	9,117
Payments to recipients during year	(3,009)	(10,791)	(13,800)	(15,536)
Research grants payable, end of year	1,410	26,487	27,897	32,648
Current portion	1,235	11,101	12,336	15,843
Long-term portion	175	15,386	15,561	16,805
Survivorship grants and awards				
Survivorship grants payable, beginning of year	-	3,062	3,062	5,122
Provision for future grants	-	75	75	(32)
Payments to recipients during year	-	(1,638)	(1,638)	(2,028)
Survivorship grants payable, end of year	-	1,499	1,499	3,062
Current portion	-	1,499	1,499	2,813
Long-term portion	-	-	-	249
Total grants and awards				
Total grants payable, beginning of year	3,464	32,246	35,710	44,189
Provision for future grants	955	8,169	9,124	9,085
Payments to recipients during year	(3,009)	(12,429)	(15,438)	(17,564)
Total grants payable, end of year	1,410	27,986	29,396	35,710
Current portion	1,235	12,600	13,835	18,656
Long-term portion	175	15,386	15,561	17,054

Grants and Awards payable includes \$1,799 which is the remaining amount payable in respect of a \$15,000,000 grant awarded to the University Health Network during the March 31, 2011 fiscal year.

In addition to the provision for future grants, \$278,221 (2016 - \$441,133) 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, 2017

(Tabular amounts in thousands of dollars)

6. Restricted Fund

The restricted fund was established during fiscal 2012 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 \$9,459,000 at March 31, 2017 (2016 - \$11,723,000) 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, 2017, one donor (Movember Canada) accounted for approximately 46% (2016 - 43%) of the total revenues of PCC and 98% (2016 - 99%) of the accounts receivable as at March 31.

7. Commitments

PCC is committed under operating leases for office space. 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:

	\$
2018	361
2019	362
2020	363
2021	364
2022	349
Thereafter	1,395

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.

PCC has allocated staff costs as follows:

	2017	2016
	\$	\$
Fundraising	1,034	929
Research	765	1,166
Public education and awareness	741	351
Support groups/survivorship	647	625
General and administration	449	459
	3,636	3,530

Prostate Cancer Canada

Notes to the financial statements

March 31, 2017

(Tabular amounts in thousands of dollars)

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, 2017, PCC held two lotteries (2016 - one). The financial results were as follows:

	2017	2016
	\$	\$
Special events revenue	413	340
Fundraising expenses	112	84
Net revenue	301	256

At March 31, 2017, PCC has a letter of credit of \$134,640 in connection with the lottery.