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Financial statements of  
Cancer Research Society/  
Société de recherche sur le cancer

August 31, 2021

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## Independent Auditor's Report

To the Members of  
Cancer Research Society/Société de recherche sur le cancer

### Opinion

We have audited the financial statements of Cancer Research Society/Société de recherche sur le cancer (the "Society"), which comprise the statement of financial position as at August 31, 2021, and the statements of operations, changes in fund balances 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 Society as at August 31, 2021, 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 ("ASNPO").

### 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 Society 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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*<sup>1</sup>

December 10, 2021

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A120628

**Cancer Research Society/Société de recherche sur le cancer**  
**Statement of operations**  
Year ended August 31, 2021

	2021			2020		
	General Fund	Restricted Funds	Total	General Fund	Restricted Funds	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Annual campaigns	23,741,990	—	23,741,990	20,556,006	—	20,556,006
Major and planned gifts	2,286,394	461,383	2,747,777	1,851,172	437,942	2,289,114
Fundraising events and other	1,512,003	223,697	1,735,700	888,371	155,594	1,043,965
Contributions to research	—	1,486,667	1,486,667	—	3,006,278	3,006,278
Realized investment income	2,601,685	514	2,602,199	1,654,757	30,551	1,685,308
Change in unrealized fair value of investments	3,957,757	—	3,957,757	498,082	—	498,082
Other income	400,696	—	400,696	335,602	—	335,602
	<b>34,500,525</b>	<b>2,172,261</b>	<b>36,672,786</b>	25,783,990	3,630,365	29,414,355
<b>Expenses</b>						
Annual campaigns	11,764,511	—	11,764,511	11,272,333	—	11,272,333
Major and planned gifts	170,700	—	170,700	406,108	—	406,108
Fundraising events and other	832,697	31,068	863,765	767,700	127,302	895,002
Administration	1,099,233	—	1,099,233	1,499,933	—	1,499,933
Amortization of property, equipment and software	64,088	—	64,088	67,953	—	67,953
	<b>13,931,229</b>	<b>31,068</b>	<b>13,962,297</b>	14,014,027	127,302	14,141,329
Excess of revenue over expenses before research grants and fellowships	<b>20,569,296</b>	<b>2,141,193</b>	<b>22,710,489</b>	11,769,963	3,503,063	15,273,026
Research grants and fellowships (including related administrative expenses of \$368,371; \$417,422 in 2020)	<b>6,201,271</b>	<b>3,637,139</b>	<b>9,838,410</b>	6,003,462	6,383,747	12,387,209
<b>Excess (deficiency) of revenue over expenses</b>	<b>14,368,025</b>	<b>(1,495,946)</b>	<b>12,872,079</b>	5,766,501	(2,880,684)	2,885,817

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

**Cancer Research Society/Société de recherche sur le cancer**  
**Statement of changes in fund balances**  
Year ended August 31, 2021

	<b>Invested in property, equipment and software</b>	<b>Endowment</b>	<b>Externally restricted</b>	<b>Internally restricted</b>	<b>Unrestricted</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Fund balances as at August 31, 2019	360,297	121,672	9,137,788	—	28,777,869	38,397,626
Excess (deficiency) of revenue over expenses	(67,953)*	100,506	(2,589,767)	(391,423)	5,834,454	2,885,817
Purchase of property, equipment and software	71,135	—	—	—	(71,135)	—
Interfund transfers**	—	—	—	391,423	(391,423)	—
<b>Fund balances as at August 31, 2020</b>	<b>363,479</b>	<b>222,178</b>	<b>6,548,021</b>	<b>—</b>	<b>34,149,765</b>	<b>41,283,443</b>
Excess (deficiency) of revenue over expenses	(64,088)*	228	(792,892)	(703,282)	14,432,113	12,872,079
Purchase of property, equipment and software	25,034	—	—	—	(25,034)	—
Interfund transfers**	—	—	—	703,282	(703,282)	—
<b>Fund balances as at August 31, 2021</b>	<b>324,425</b>	<b>222,406</b>	<b>5,755,129</b>	<b>—</b>	<b>47,853,562</b>	<b>54,155,522</b>

\* Amortization of property, equipment and software.

\*\* The interfund transfers correspond to internal restrictions made during the year.

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

# Cancer Research Society/Société de recherche sur le cancer

## Statement of financial position

As at August 31, 2021

		2021			2020	
		General Fund	Restricted Funds	Total	Total	
Notes		\$	\$	\$	\$	
<b>Assets</b>						
Current assets						
		Cash	8,854,809	—	8,854,809	4,899,166
		Accounts receivable	51,194	—	51,194	42,984
		Subsidy receivable	111,087	—	111,087	335,602
		Amounts due by the General Fund	—	5,977,535*	—	—
		Prepaid expenses	243,834	—	243,834	278,150
		Other assets	85,192	—	85,192	95,867
			<b>9,346,116</b>	<b>5,977,535</b>	<b>9,346,116</b>	5,651,769
		Investments	46,282,058	—	46,282,058	36,619,440
		Property, equipment and software	324,425	—	324,425	363,479
			<b>55,952,599</b>	<b>5,977,535</b>	<b>55,952,599</b>	42,634,688
<b>Liabilities</b>						
Current liabilities						
		Accounts payable and accrued liabilities	678,158	—	678,158	278,330
		Amounts due to the Restricted Funds	5,977,535*	—	—	—
		Deferred contributions	236,499	—	236,499	141,667
			<b>6,892,192</b>	<b>—</b>	<b>914,657</b>	419,997
		Deferred contributions	774,773	—	774,773	807,249
		Lease inducement	107,647	—	107,647	123,999
			<b>7,774,612</b>	<b>—</b>	<b>1,797,077</b>	1,351,245
		Commitments				
<b>Fund balances</b>						
		Invested in property, equipment and software	324,425	—	324,425	363,479
		Endowment	—	222,406	222,406	222,178
		Externally restricted	—	5,755,129	5,755,129	6,548,021
		Unrestricted	47,853,562	—	47,853,562	34,149,765
			<b>48,177,987</b>	<b>5,977,535</b>	<b>54,155,522</b>	41,283,443
			<b>55,952,599</b>	<b>5,977,535</b>	<b>55,952,599</b>	42,634,688

\* These items are not presented in the total column because they offset each other.

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

Approved by the Board

François Painchaud \_\_\_\_\_, Director

Marie Valcourt \_\_\_\_\_, Director

**Cancer Research Society/Société de recherche sur le cancer****Statement of cash flows**

Year ended August 31, 2021

	<b>2021</b>	2020
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	<b>12,872,079</b>	2,885,817
Adjustments for:		
Gain on disposal of investments	<b>(1,949,791)</b>	(973,414)
Change in unrealized fair value of investments	<b>(3,957,757)</b>	(498,082)
Donations in investments	<b>(887,234)</b>	(129,072)
Amortization of property, equipment and software	<b>64,088</b>	67,953
Amortization of lease inducement	<b>(16,352)</b>	(16,351)
	<b>6,125,033</b>	1,336,851
Changes in non-cash operating working capital items		
(Increase) decrease in:		
Accounts receivable	<b>(8,210)</b>	216,427
Subsidy receivable	<b>224,515</b>	(335,602)
Prepaid expenses	<b>34,316</b>	(112,269)
Other assets	<b>10,675</b>	(4,616)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<b>399,828</b>	(25,789)
Deferred contributions	<b>62,356</b>	409,713
	<b>723,480</b>	147,864
	<b>6,848,513</b>	1,484,715
<b>Investing activities</b>		
Purchase of investments	<b>(22,688,283)</b>	(13,334,964)
Proceeds on disposal of investments	<b>19,820,447</b>	13,889,967
Purchase of property, equipment and software	<b>(25,034)</b>	(71,135)
	<b>(2,892,870)</b>	483,868
Net increase in cash	<b>3,955,643</b>	1,968,583
Cash, beginning of year	<b>4,899,166</b>	2,930,583
<b>Cash, end of year</b>	<b>8,854,809</b>	4,899,166

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

# Cancer Research Society/Société de recherche sur le cancer

## Notes to the financial statements

August 31, 2021

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### 1. Status and nature of activities

Cancer Research Society/Société de recherche sur le cancer (the "Society") was incorporated under Part III of the *Business Corporations Act* (Québec) and is a registered charity under the *Income Tax Act* (Canada). Its operations consist of raising and distributing funds in the form of research grants and fellowships in order to support research.

### 2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### *Fund accounting*

The Society uses the restricted fund accounting method to report its activities.

#### (a) General Fund

This fund reports the assets, liabilities, revenues and expenses related to all programs and administrative activities of the Society, except for those related to the externally or internally Restricted Funds.

#### (b) Restricted Funds

These funds report the assets, liabilities, revenues and expenses related to the externally or internally Restricted Funds. These funds finance research for the advancement of science aimed at preventing, detecting or treating any given cancer as directed by and agreed with the donor or partner.

#### *Revenue recognition*

The unrestricted contributions are recognized as revenue in the General Fund in the year in which they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The restricted contributions for operating activities are recognized as revenue in the General Fund in the year when the related expenses are committed.

All other restricted contributions are recognized as revenue in the Restricted Funds in the year in which they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue in the year in which it is earned.

#### *Donated services*

The Society derives significant benefit from time and services donated by volunteers. Because of the difficulty of determining their fair value, these valuable contributions are not recorded in the financial statements.

#### *Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Society becomes a party to the contractual provisions of the financial instrument.

Subsequently, all financial instruments are measured at amortized cost, except for the investments, which are measured at fair value at the statement of financial position date.

Fair value fluctuations, including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses, are included as revenue in the statement of operations.

## **2. Accounting policies (continued)**

### *Financial instruments (continued)*

Transaction costs related to financial instruments measured at fair value subsequent to initial recognition are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

### *Property, equipment and software*

Property, equipment and software are recorded at cost. Contributed equipment is recorded at fair value at the date of contribution. Amortization of property, equipment and software is based on their estimated useful life using the declining balance method at an annual rate of 20%.

Leasehold improvements are recorded at cost. Amortization is provided for using the straight-line method over the remaining duration of the lease, as soon as the leasehold improvements are in use.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of capital assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed.

### *Lease inducement*

The lease inducement consists of a leasehold improvement allowance paid by the landlord. The inducement will be amortized against premises expenses using the straight-line method over the remaining duration of the lease.

### *Allocation of expenses*

The Society engages in various fundraising programs. The costs of each program include the costs of personnel and activities that are directly related to the program, and a portion of the premises and administrative expenses of the Society.

Administrative salary expenses are allocated to programs based on the percentage of time devoted to these programs by administrative personnel. Premises expenses are allocated to programs based on the percentage of time devoted to these programs by all personnel.

### *Foreign exchange translation*

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate, while non-monetary items are translated at historical rates. Foreign currency revenue and expenses are translated at the rate of exchange prevailing at the transaction date. Realized gains and losses on translation are included in the statement of operations.

## Cancer Research Society/Société de recherche sur le cancer

### Notes to the financial statements

August 31, 2021

## 2. Accounting policies (continued)

### Use of 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 amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

## 3. Investments

	2021	2020
	\$	\$
International equity fund		
Denominated in American dollars	<b>6,475,620</b>	5,189,476
Equities		
Denominated in Canadian dollars	<b>9,798,642</b>	7,116,382
Denominated in American dollars	<b>10,892,744</b>	9,056,593
Bonds		
Denominated in Canadian dollars, face value of \$17,647,890 (\$13,328,047 in 2020), interest rates ranging from 0.25% to 4.55% (0.95% to 6.47% in 2020), maturing June 2022 to February 2060 (September 2020 to May 2077 in 2020)	<b>17,907,815</b>	14,234,754
Cash and cash equivalents		
Denominated in Canadian dollars	<b>548,945</b>	747,173
Denominated in American dollars	<b>545,257</b>	183,837
Accrued interest	<b>113,035</b>	91,225
	<b>46,282,058</b>	36,619,440

## 4. Property, equipment and software

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office furniture	<b>130,199</b>	<b>69,738</b>	<b>60,461</b>	73,039
Computers	<b>283,335</b>	<b>195,094</b>	<b>88,241</b>	90,627
Software and website	<b>224,361</b>	<b>194,479</b>	<b>29,882</b>	31,867
Leasehold improvements	<b>207,414</b>	<b>61,573</b>	<b>145,841</b>	167,946
	<b>845,309</b>	<b>520,884</b>	<b>324,425</b>	363,479

## Cancer Research Society/Société de recherche sur le cancer

### Notes to the financial statements

August 31, 2021

#### 5. Deferred contributions

	2021	2020
	\$	\$
Balance, beginning of year	948,916	539,203
Amounts received during the year	659,638	842,705
Amounts recognized as revenue during the year	(597,282)	(432,992)
Balance, end of year	1,011,272	948,916

The deferred contributions are composed of cashed amounts in fundraising for activities to occur during the following fiscal years.

#### 6. Realized investment income

Realized investment income consists of the following items:

	2021	2020
	\$	\$
Interest	379,658	347,966
Dividends	448,600	519,563
Gain on disposal of investments	1,949,791	973,414
	2,778,049	1,840,943
Less: investment management and custody fees	(175,850)	(155,635)
	2,602,199	1,685,308

#### 7. Credit facility

The Society has a credit card facility of \$75,000 (\$75,000 in 2020). An amount of \$5,976 has been used as at August 31, 2021 (\$6,000 as at August 31, 2020).

#### 8. Allocation of expenses

Salaries and benefits are allocated as follows:

	2021	2020
	\$	\$
Annual campaigns	712,470	611,964
Major and planned gifts	142,852	128,406
Fundraising events and other	426,586	509,192
Research grants and fellowships	319,393	369,603
Administration	594,701	646,242
	2,196,002	2,265,407

## Cancer Research Society/Société de recherche sur le cancer

### Notes to the financial statements

August 31, 2021

#### 8. Allocation of expenses (continued)

Premises expenses are allocated as follows:

	2021	2020
	\$	\$
Annual campaigns	129,455	93,805
Major and planned gifts	14,964	10,874
Fundraising events and other	51,290	67,080
Research grants and fellowships	25,596	30,630
Administration	66,647	58,474
	<b>287,952</b>	<b>260,863</b>

#### 9. Commitments

##### (a) Fund balances – research grant and fellowship commitments

The Society has approved commitments for research grants and fellowships as set out below. Many of these grants and fellowships involve multi-year programs, which are subject to application for renewal on an annual basis. Though failure to renew the grants and fellowships would in most cases invalidate the programs, there is an implied commitment extending into the future. The amounts below assume annual renewal of approved multi-year programs:

	\$
2022	13,391,249
2023	6,608,333
2024	315,000
2025	20,000
	<u>20,334,582</u>
Less: pledge by third parties	<u>(3,586,860)</u>
	<u>16,747,722</u>

##### (b) The Society's other total annual minimum commitments are as follows:

	Premises	Equipment and other	Total
	\$	\$	\$
2022	296,701	19,246	315,947
2023	300,043	12,300	312,343
2024	304,721	5,277	309,998
2025	304,721	3,646	308,367
2026	304,721	7,292	312,013
2027 and thereafter	482,475	—	482,475
	<u>1,993,382</u>	<u>47,761</u>	<u>2,041,143</u>

## **10. Financial instruments**

Because of its financial assets, the Society is exposed to the following risks related to the use of financial instruments:

### *Market risk*

Market risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices. Some of the Society's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

a) Currency risk

The Society holds cash in the amount of CAN\$20,358 (CAN\$32,961 in 2020), in American dollars, as well as money market funds and American equity also in American dollars. Consequently, the Society is exposed to changes in foreign currencies. The same applies to the earned income associated with these investments.

b) Interest rate risk

Investments in bonds bear interest at fixed rates. Consequently, a change in market interest rates will have an impact on the fair value of these investments.

c) 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 Society is exposed to other price risk through its investments in equities for which the value fluctuates with the quoted market price.

### *Credit risk*

The Society holds cash and investments in bonds. Therefore, there is a credit risk that the bond issuer will be unable to pay its obligations toward the Society and this will have an impact on the assets of the Society. In order to minimize the counterparty default risk, the Society trades its cash through a Canadian chartered bank as defined by the *Bank Act* (Canada), while, for bonds, the Society requires a minimum quality rating of A.

## **11. Comparative figures**

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