

Financial statements of

Prostate Cancer Canada

March 31, 2013 and March 31, 2012

Prostate Cancer Canada

March 31, 2013 and 2012

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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 sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, and the statements of operations and changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 19, 2013

Prostate Cancer Canada

Statements of operations and changes in net assets years ended March 31, 2013 and March 31, 2012

(In thousands of dollars)

	2013			2012		
	General Fund	Restricted Fund (Note 8)	Total	General Fund	Restricted Fund (Note 8)	Total (Note 2)
	\$	\$	\$	\$	\$	\$
Revenue						
Funds raised						
Individual and corporate gifts	4,096	-	4,096	4,092	-	4,092
Movember	-	32,799	32,799	-	17,000	17,000
Special events	3,784	-	3,784	3,912	-	3,912
Interest	391	-	391	289	-	289
	8,271	32,799	41,070	8,293	17,000	25,293
Expenses						
Mission programs						
Research (Note 7)	1,663	15,173	16,836	1,934	3,280	5,214
Public education and awareness	1,527	88	1,615	2,269	74	2,343
Support groups/survivorship	785	385	1,170	777	282	1,059
	3,975	15,646	19,621	4,980	3,636	8,616
Fundraising	3,950	-	3,950	3,270	-	3,270
General and administration	2,074	-	2,074	1,690	-	1,690
	6,024	-	6,024	4,960	-	4,960
Excess of (expenses over revenue)						
revenue over expenses	(1,728)	17,153	15,425	(1,647)	13,364	11,717
Net assets, beginning of year	4,013	13,364	17,377	5,660	-	5,660
Net assets, end of year	2,285	30,517	32,802	4,013	13,364	17,377

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

Prostate Cancer Canada

Balance sheets

as at March 31, 2013, March 31, 2012 and April 1, 2011

(In thousands of dollars)

	March 31, 2013			March 31, 2012		April 1, 2011	
	General Fund	Restricted Fund (Note 8)	Total	General Fund	Restricted Fund (Note 8)	Total (Note 2)	Total (Note 2)
	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash	797	-	797	787	-	787	20,487
Investments (Note 5)	14,322	14,108	28,430	18,118	-	18,118	5,205
Accounts receivable	415	32,799	33,214	298	17,000	17,298	515
Inter fund receivable	347	-	347	1,036	-	1,036	-
Prepaid expenses	190	-	190	414	-	414	126
	16,071	46,907	62,978	20,653	17,000	37,653	26,333
Capital assets (Note 4)	293	-	293	233	-	233	146
	16,364	46,907	63,271	20,886	17,000	37,886	26,479
Liabilities							
Current liabilities							
Accounts payable and accrued charges	709	-	709	253	-	253	1,090
Inter fund payable	-	347	347	-	1,036	1,036	-
Deferred revenue	186	-	186	240	-	240	194
Obligation under capital lease (Note 6)	5	-	5	5	-	5	4
Research grants payable (Note 7)	6,243	6,698	12,941	8,717	1,100	9,817	6,809
	7,143	7,045	14,188	9,215	2,136	11,351	8,097
Long-term							
Obligation under capital lease (Note 6)	2	-	2	7	-	7	12
Research grants payable (Note 7)	6,934	9,345	16,279	7,651	1,500	9,151	12,710
	6,936	9,345	16,281	7,658	1,500	9,158	12,722
	14,079	16,390	30,469	16,873	3,636	20,509	20,819
Net assets	2,285	30,517	32,802	4,013	13,364	17,377	5,660
	16,364	46,907	63,271	20,886	17,000	37,886	26,479

Approved by the Board



Director



Director

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

Prostate Cancer Canada

Statements of cash flows

years ended March 31, 2013 and March 31, 2012

(In thousands of dollars)

	2013	2012 (Note 2)
	\$	\$
Operating activities		
Excess of revenue over expenses	15,425	11,717
Item not affecting cash		
Amortization	93	61
	15,518	11,778
Changes in non-cash working capital items		
Accounts receivable	(15,916)	(16,783)
Prepaid expenses	224	(288)
Accounts payable and accrued charges	456	(837)
Deferred revenue	(54)	46
Research grants payable	10,252	(551)
	10,480	(6,634)
Investing activities		
Change in investments	(10,312)	(12,913)
Additions to capital assets	(153)	(148)
	(10,465)	(13,061)
Financing activity		
Obligation under capital leases	(5)	(4)
Net cash inflow (outflow)	10	(19,700)
Cash, beginning of year	787	20,487
Cash, end of year	797	787

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, 2013 and 2012

(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.

On May 26, 2009, PCC entered into an agreement with another charitable organization called the Canadian Prostate Cancer Network ("CPCN") to create a division of PCC called the Prostate Cancer Canada Network ("PCCN"). The agreement requires that PCCN remain active for a period of at least 5 years as a division of PCC in exchange for the donation of the net assets of CPCN.

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 provided certain disbursement requirements are met.

2. Adoption of a new accounting framework

During the year ended March 31, 2013, PCC adopted the new accounting standards for not-for profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA"). In accordance with Section 1501 of the CICA Handbook, First-time adoption, ("Section 1501"), the date of transition to the new standards is April 1, 2011 and PCC has prepared and presented an opening balance sheet at the date of transition to the new standards. This opening balance sheet is the starting point for PCC's accounting under the new standards. In its opening balance sheet, under the recommendations of Section 1501, PCC

- (a) recognized all assets and liabilities whose recognition is required by the new standards;
- (b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- (c) reclassified items that it recognized previously as one type of asset, liability or component of equity, but are recognized as a different type of asset, liability or component of equity under the new standards; and
- (d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented and adjustments resulting from the adoption of the new standards have been applied retrospectively. PCC has not applied any of the exemptions available in Section 1501.

The adoption of this new financial reporting framework has no impact on the previously reported balance sheets as at April 1, 2011 and March 31, 2012 or on previously reported excess of revenues over expenses and fund balances for the year ended March 31, 2012. Consequently, a reconciliation of previously reported items to those reported using the new standards has not been prepared.

3. Significant accounting policies

These financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants, 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.

Prostate Cancer Canada

Notes to the financial statements

March 31, 2013 and 2012

(Tabular amounts in thousands of dollars)

3. Significant accounting policies (continued)

Funds (continued)

Restricted Fund

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

Revenue recognition

General donations are recognized as revenue in the year in which they are received. Donations received in advance for events are deferred and recognized as revenue in the year in which the related expenditure is 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 at amortized cost.

Investments

Investments are comprised of Guaranteed Investment Certificates, a Bond invested in a Canadian Financial Institution with an investment rating of at least A, and an Instant Access Savings Account.

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 equipment	3 years
Leasehold improvements	terms of lease

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.

4. Capital assets

	March 31, 2013		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	34	4	30
Furniture and equipment under capital leases	24	18	6
Furniture and equipment	259	102	157
Computer equipment	231	131	100
	548	255	293

Prostate Cancer Canada

Notes to the financial statements

March 31, 2013 and 2012

(Tabular amounts in thousands of dollars)

4. Capital assets (continued)

	March 31, 2012 (Note 2)		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	34	2	32
Furniture and equipment under capital leases	24	13	11
Furniture and equipment	148	71	77
Computer equipment	189	76	113
	395	162	233

	April 1, 2011 (Note 2)		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Leasehold improvements	-	-	-
Furniture and equipment under capital leases	41	18	23
Furniture and equipment	96	43	53
Computer equipment	241	171	70
	378	232	146

5. Investments

	March 31, 2013	March 31, 2012	April 1, 2011
	\$	\$	\$
Guaranteed Investment Certificates	19,000	18,000	5,114
Schedule I bank bond	3,976	-	-
Instant Access Savings Account	5,300	-	-
Accrued Interest	154	118	91
	28,430	18,118	5,205

Investments consist of Guaranteed Investment Certificates, Schedule I bank bond, and instant access savings account bearing interest at rates ranging from 1.25% to 2.40% (2012 - 1.45% to 1.82%, 2011 - 1.10% to 1.75%), and mature between fiscal years ending 2014 to 2022 (2012 - 2013 to 2014, 2011 - 2011).

Prostate Cancer Canada

Notes to the financial statements

March 31, 2013 and 2012

(Tabular amounts in thousands of dollars)

6. Obligation under capital leases

Future minimum payments under capital lease obligations are as follows:

	\$
2014	5
2015	3
<u>Total minimum lease payments</u>	<u>8</u>
<u>Less: amounts representing interest</u>	<u>1</u>
Obligation under capital leases	7
<u>Due within one year</u>	<u>5</u>
<u>Long-term portion of obligation</u>	<u>2</u>

7. Research grants payable

The Board of Directors of PCC approves all research envelopes.

A preliminary provision has been expensed in these financial statements. Final allocation to specific recipients will be determined in the subsequent year. Any adjustments to research envelope allocations are reflected in the period in which the adjustment is approved by the Board. Individual grants for research may be awarded for a period covering more than one fiscal year, subject to available funding and performance criteria. Continuity of Research Grants payable is as follows:

	March 31, 2013	March 31, 2012 (Note 2)
	\$	\$
Research grants payable, beginning of year	18,968	19,519
Payments to recipients during year	(5,129)	(4,047)
Provision for future grants	15,381	3,496
<u>Research grants payable, end of year</u>	<u>29,220</u>	<u>18,968</u>
<u>Current portion</u>	<u>12,941</u>	<u>9,817</u>
<u>Long-term portion</u>	<u>16,279</u>	<u>9,151</u>

The provision for future grants includes a sum of \$10,834,204 which is the remaining amount payable of a \$15,000,000 grant funding award made to the University Health Network during the year to March 31, 2011. Payments of this grant funding will be made over a total period of five years.

In addition to the provision for future grants, \$183,640 (March 31, 2012 - \$204,299; April 1, 2011 - \$281,164) related to research related initiatives has been expensed as part of the research program.

8. Restricted Fund

The restricted fund was established during fiscal 2012 to account for funds received through Movember Canada and is restricted as follows: (i) survivorship initiatives; (ii) innovative research. Funds may also be used on direct program expenditures as defined by the Movember Campaign agreement.

The restricted funds of \$30,517,000 at March 31, 2013 (March 31, 2012 - \$13,364,000) have been committed to research and survivorship programs over the next three years in line with Board approved strategy and the Movember Campaign agreement.

For the year ended March 31, 2013, one donor (Movember Canada) accounted for approximately 80% (2012, 67%) of the revenues and 99% (2012, 98%) of the accounts receivable.

Prostate Cancer Canada

Notes to the financial statements

March 31, 2013 and 2012

(Tabular amounts in thousands of dollars)

9. Commitments

PCC is committed under an operating lease for office space. This lease commenced on April 1, 2011 for the duration of 15 years, and the total amounts due are as follows:

	\$
Years 1-5	1,423
Years 6-10	1,445
Years 11-14	926

10. Volunteer services

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

11. 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:

	2013	2012
	\$	\$
Fundraising	917	828
Research	980	929
Public education and awareness	699	738
Support groups/survivorship	530	421
General and administration	1,165	727
	4,291	3,643

12. 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 a 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 5.

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.

13. Comparative figures

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year. Certain amounts within Individual and corporate gifts and Special events on the statement of operations have been reallocated to aid comparability within the current year.