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# Financial statements of Prostate Cancer Canada

March 31, 2018

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Independent Auditor's Report .....	1
Statement of operations and changes in net assets .....	2
Balance sheet .....	3
Statement of cash flows .....	4
Notes to the financial statements .....	5-9

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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 sheet as at March 31, 2018, 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, 2018 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.



Chartered Professional Accountants  
Licensed Public Accountants  
June 20, 2018

## Prostate Cancer Canada

### Statement of operations and changes in net assets

Year ended March 31, 2018

(In thousands of dollars)

		2018			2017		
		General	Restricted	Total	General	Restricted	Total
		Fund	Fund		Fund	Fund	
		(Note 6)	(Note 6)		(Note 6)	(Note 6)	
Notes		\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Funds raised							
	Individual and corporate gifts	4,543	—	4,543	3,828	—	3,828
6	Movember	—	4,160	4,160	—	6,233	6,233
	Special events	3,560	—	3,560	3,313	—	3,313
	Interest	166	—	166	170	—	170
		<b>8,269</b>	<b>4,160</b>	<b>12,429</b>	<b>7,311</b>	<b>6,233</b>	<b>13,544</b>
Mission investments							
	Research	2,187	4,749	6,936	1,555	8,524	10,079
12	Public education and awareness	943	—	943	980	—	980
	Support groups/survivorship	404	162	566	611	338	949
12	Less recoveries of previously issued grants	—	(960)	(960)	—	(365)	(365)
		<b>3,534</b>	<b>3,951</b>	<b>7,485</b>	<b>3,146</b>	<b>8,497</b>	<b>11,643</b>
	Fundraising	3,511	—	3,511	3,380	—	3,380
	General and administration	1,147	—	1,147	1,171	—	1,171
		<b>4,658</b>	<b>—</b>	<b>4,658</b>	<b>4,551</b>	<b>—</b>	<b>4,551</b>
	Excess of revenue over expenses (expenses over revenue)	77	209	286	(386)	(2,264)	(2,650)
	Net assets, beginning of year	1,691	9,459	11,150	2,077	11,723	13,800
	<b>Net assets, end of year</b>	<b>1,768</b>	<b>9,668</b>	<b>11,436</b>	<b>1,691</b>	<b>9,459</b>	<b>11,150</b>

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

## Prostate Cancer Canada

### Balance sheet

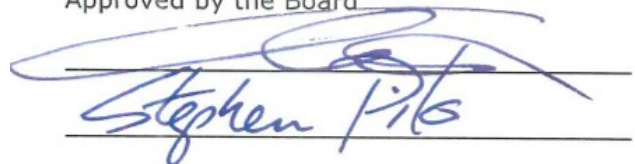
As at March 31, 2018

(In thousands of dollars)

		2018			2017		
	Notes	General Fund	Restricted Fund (Note 6)	Total	General Fund	Restricted Fund (Note 6)	Total
		\$	\$	\$	\$	\$	\$
<b>Assets</b>							
Current assets							
Cash		895	—	895	1,156	—	1,156
Investments	3	2,438	8,781	11,219	1,464	12,346	13,810
Accounts receivable	6	188	18,921	19,109	390	25,222	25,612
Inter-fund receivable		114	—	114	123	—	123
Prepaid expenses		107	—	107	135	—	135
		<b>3,742</b>	<b>27,702</b>	<b>31,444</b>	<b>3,268</b>	<b>37,568</b>	<b>40,836</b>
Capital assets							
	4	101	—	101	138	—	138
		<b>3,843</b>	<b>27,702</b>	<b>31,545</b>	<b>3,406</b>	<b>37,568</b>	<b>40,974</b>
<b>Liabilities</b>							
Current liabilities							
Accounts payable and accrued charges		321	—	321	280	—	280
Inter-fund payable		—	114	114	—	123	123
Deferred revenue		305	—	305	25	—	25
Grants and awards payable	5	1,334	10,445	11,779	1,235	12,600	13,835
		<b>1,960</b>	<b>10,559</b>	<b>12,519</b>	<b>1,540</b>	<b>12,723</b>	<b>14,263</b>
Long-term							
Grants and awards payable	5	115	7,475	7,590	175	15,386	15,561
		<b>2,075</b>	<b>18,034</b>	<b>20,109</b>	<b>1,715</b>	<b>28,109</b>	<b>29,824</b>
<b>Net assets</b>							
		<b>1,768</b>	<b>9,668</b>	<b>11,436</b>	<b>1,691</b>	<b>9,459</b>	<b>11,150</b>
		<b>3,843</b>	<b>27,702</b>	<b>31,545</b>	<b>3,406</b>	<b>37,568</b>	<b>40,974</b>

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, 2018

(In thousands of dollars)

	2018	2017
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses/ (expenses over revenue)	286	(2,650)
Item not affecting cash		
Amortization	69	80
	<b>355</b>	<b>(2,570)</b>
Changes in non-cash working capital items		
Accounts receivable	6,503	3,602
Prepaid expenses	28	(72)
Accounts payable and accrued charges	41	(69)
Deferred revenue	280	(43)
Grants and awards payable	(10,027)	(6,314)
	<b>(2,820)</b>	<b>(5,466)</b>
<b>Investing activities</b>		
Change in investments	2,591	5,852
Additions to capital assets	(32)	(24)
	<b>2,559</b>	<b>5,828</b>
Net cash (outflow) inflow	<b>(261)</b>	<b>362</b>
Cash, beginning of year	1,156	794
<b>Cash, end of year</b>	<b>895</b>	<b>1,156</b>

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

# Prostate Cancer Canada

## Notes to the financial statements

March 31, 2018

(In thousands of dollars)

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### 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

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, 2018  
(In thousands of dollars)

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**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 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**

	<b>2018</b>	2017
	\$	\$
Guaranteed investment certificates	<b>2,000</b>	6,030
Instant access investment accounts	<b>9,010</b>	7,526
Term deposit	<b>200</b>	200
Accrued interest	<b>9</b>	54
	<b>11,219</b>	13,810

The Guaranteed Investment Certificate has an interest rate of 1.73% and matures in 2018. The instant access investment accounts have interest rates ranging between 1.09% and 1.30%.



**Prostate Cancer Canada**  
**Notes to the financial statements**

March 31, 2018

(In thousands of dollars)

**4. Capital assets**

	2018			2017
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	34	15	19	21
Furniture and equipment	212	201	11	33
Computer hardware and software	296	225	71	84
	<b>542</b>	<b>441</b>	<b>101</b>	<b>138</b>

**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:

	2018			2017
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
<b>Research Grants and Awards</b>				
Research grants payable, beginning of year	1,410	26,487	27,897	32,648
Provision for future grants	1,667	4,513	6,180	9,214
Cancellation of unspent grants	—	(246)	(246)	(165)
Payments to recipients	(1,628)	(13,271)	(14,899)	(13,800)
Research grants payable, end of year	1,449	17,483	18,932	27,897
Current portion	1,334	10,008	11,342	12,336
Long-term portion	115	7,475	7,590	15,561
<b>Survivorship Grants</b>				
Survivorship grants payable, beginning of year	—	1,499	1,499	3,062
Provision for future grants	—	—	—	75
Cancellation of unspent grants	—	(356)	(356)	—
Payments to recipients	—	(706)	(706)	(1,638)
Survivorship grants payable, end of year	—	437	437	1,499
Current portion	—	437	437	1,499
Long-term portion	—	—	—	—
<b>Total Grants</b>				
Total grants payable, beginning of year	1,410	27,986	29,396	35,710
Provision for future grants	1,667	4,513	6,180	9,289
Cancellation of unspent grants	—	(602)	(602)	(165)
Payments to recipients	(1,628)	(13,977)	(15,605)	(15,438)
Total grants payable, end of year	1,449	17,920	19,369	29,396
Current portion	1,334	10,445	11,779	13,835
Long-term portion	115	7,475	7,590	15,561

**Prostate Cancer Canada**  
**Notes to the financial statements**

March 31, 2018  
(In thousands of dollars)

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**5. Grants and awards payable (continued)**

In addition to the provision for future grants, \$299 (\$278 in 2017) related to research and survivorship related initiatives has been expensed as part of the research and survivorship programs.

**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 \$9,668 as at March 31, 2018 (\$9,459 in 2017) 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, 2018, one donor (Movember Canada) accounted for approximately 33% (46% in 2017) of the total revenues of PCC and 99% (98% in 2017) 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:

	\$
2019	369
2020	369
2021	369
2022	359
2023	359
Thereafter	1,077

*Grants*

As at March 31, 2018, PCC has awarded research grants totaling \$511 (\$77 in 2017), which are not yet expensed but are expected to be made over the next two years, 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.

**Prostate Cancer Canada**  
**Notes to the financial statements**

March 31, 2018  
(In thousands of dollars)

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**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:

	<b>2018</b>	2017
	\$	\$
Fundraising	<b>998</b>	1,034
Research	<b>639</b>	765
Public education and awareness	<b>746</b>	741
Support groups/survivorship	<b>365</b>	647
General and administration	<b>386</b>	449
	<b>3,134</b>	3,636

**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, 2018, PCC held two lotteries (two in 2017). The financial results were as follows:

	<b>2018</b>	2017
	\$	\$
Special events revenue	<b>513</b>	413
Fundraising expenses	<b>125</b>	112
Net revenue	<b>388</b>	301

At March 31, 2018, PCC has a letter of credit of \$176 in connection with the lottery.

**12. Comparative figures**

Certain comparative numbers have been reclassified to conform to the current year presentation.