

Financial statements of

Prostate Cancer Canada

March 31, 2016

Prostate Cancer Canada

March 31, 2016

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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, 2016, the statements of operations and changes in net assets and of 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, 2016, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountant
June 22, 2016

Prostate Cancer Canada

Statement of operations and changes in net assets

year ended March 31, 2016

(In thousands of dollars)

	2016			2015		
	General Fund	Restricted Fund (Note 6)	Total	General Fund	Restricted Fund (Note 6)	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Funds raised						
Individual and corporate gifts	4,941	-	4,941	4,051	-	4,051
Movember (Note 6)	-	7,108	7,108	-	10,710	10,710
Special events	4,000	-	4,000	4,089	-	4,089
Interest	321	-	321	477	-	477
	9,262	7,108	16,370	8,617	10,710	19,327
Mission investments						
Research	3,268	7,138	10,406	2,120	16,518	18,638
Public education and awareness	617	-	617	1,103	-	1,103
Support groups/survivorship	709	316	1,025	906	1,438	2,344
	4,594	7,454	12,048	4,129	17,956	22,085
Fundraising	3,424	-	3,424	3,481	-	3,481
General and administration	1,225	-	1,225	1,290	-	1,290
	4,649	-	4,649	4,771	-	4,771
Excess of (expenses over revenue) revenue over expenses	19	(346)	(327)	(283)	(7,246)	(7,529)
Net assets, beginning of year	2,058	12,069	14,127	2,341	19,315	21,656
Net assets, end of year	2,077	11,723	13,800	2,058	12,069	14,127

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

Prostate Cancer Canada

Balance sheet

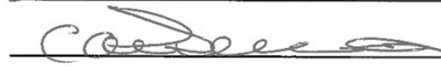
as at March 31, 2016

(In thousands of dollars)

	2016			2015		
	General Fund	Restricted Fund (Note 6)	Total	General Fund	Restricted Fund (Note 6)	Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets						
Cash	794	-	794	636	-	636
Investments (Note 3)	4,547	15,115	19,662	6,906	19,886	26,792
Accounts receivable (Note 6)	234	28,980	29,214	256	31,147	31,403
Inter-fund receivable	126	-	126	220	-	220
Prepaid expenses	63	-	63	84	-	84
	5,764	44,095	49,859	8,102	51,033	59,135
Capital assets (Note 4)	194	-	194	169	-	169
	5,958	44,095	50,053	8,271	51,033	59,304
Liabilities						
Current liabilities						
Accounts payable and accrued charges	349	-	349	617	-	617
Inter-fund payable	-	126	126	-	220	220
Deferred revenue	68	-	68	151	-	151
Grants and awards payable (Note 5)	3,123	15,533	18,656	4,962	15,404	20,366
	3,540	15,659	19,199	5,730	15,624	21,354
Long-term						
Grants and awards payable (Note 5)	341	16,713	17,054	483	23,340	23,823
	3,881	32,372	36,253	6,213	38,964	45,177
Net assets	2,077	11,723	13,800	2,058	12,069	14,127
	5,958	44,095	50,053	8,271	51,033	59,304

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, 2016 (In thousands of dollars)

	2016	2015
	\$	\$
Operating activities		
Excess of (expenses over revenue)	(327)	(7,529)
Item not affecting cash		
Amortization	72	92
	(255)	(7,437)
Changes in non-cash working capital items		
Accounts receivable	2,189	(1,054)
Prepaid expenses	21	85
Inventory	-	30
Accounts payable and accrued charges	(268)	(68)
Deferred revenue	(83)	(23)
Grants and awards payable	(8,479)	(451)
	(6,875)	(8,918)
Investing activities		
Change in investments	7,130	9,112
Additions to capital assets	(97)	(53)
Proceeds from sale of capital assets	-	6
	7,033	9,065
Net cash inflow	158	147
Cash, beginning of year	636	489
Cash, end of year	794	636

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, 2016

(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, 2016

(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

	2016	2015
	\$	\$
Guaranteed investment certificates	6,000	13,016
Schedule I bank bond	4,000	4,000
Instant access savings account	9,411	9,565
Term deposit	200	120
Accrued interest	51	91
	19,662	26,792

The Guaranteed Investment Certificates have interest rates ranging from 1.40% to 1.51% and mature in 2017.

The Schedule I bank bond has an initial interest rate of 2.40% increasing by 10 basis points on December 28 of each year. The rate at March 31, 2016 was 2.7% (2015 - 2.60%). The initial maturity date of the bond was June 28, 2013, with extended maturity dates to the 28 of December and June following the initial maturity date until the final maturity date of December 28, 2022. Extension beyond the initial maturity date and each subsequent extended maturity date is at the discretion of the bank. The bank exercised its option to extend at both June 28, 2015 and December 28, 2015.

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

Prostate Cancer Canada

Notes to the financial statements

March 31, 2016

(Tabular amounts in thousands of dollars)

4. Capital assets

	2016		2015	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	33	10	23	26
Furniture and equipment	275	211	64	108
Computer hardware and software	257	150	107	35
	565	371	194	169

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:

	2016		2015	
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Research grants and awards				
Research grants payable, beginning of the year	5,445	33,622	39,067	37,746
Provision for future grants	2,275	6,842	9,117	17,518
Payments to recipients during year	(4,256)	(11,280)	(15,536)	(16,197)
Research grants payable, end of year	3,464	29,184	32,648	39,067
Current portion	3,123	12,720	15,843	17,830
Long-term portion	341	16,464	16,805	21,237
Survivorship grants and awards				
Survivorship grants payable, beginning of the year	-	5,122	5,122	6,894
Provision for future grants	-	(32)	(32)	1,051
Payments to recipients during year	-	(2,028)	(2,028)	(2,823)
Survivorship grants payable, end of year	-	3,062	3,062	5,122
Current portion	-	2,813	2,813	2,536
Long-term portion	-	249	249	2,586
Total grants and awards				
Total grants payable, beginning of the year	5,445	38,744	44,189	44,640
Provision for future grants	2,275	6,810	9,085	18,569
Payments to recipients during year	(4,256)	(13,308)	(17,564)	(19,020)
Total grants payable, end of year	3,464	32,246	35,710	44,189
Current portion	3,123	15,533	18,656	20,366
Long-term portion	341	16,713	17,054	23,823

Grants and Awards payable includes \$1,106,949 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. Payments of this grant are being made over a total period of five years.

In addition to the provision for future grants, \$441,133 (2015 - \$661,856) 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, 2016

(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 \$11,723,000 at March 31, 2016 (2015 - \$12,069,000) have been designated to research and survivorship programs over the next four years in line with Board approved strategy and the Movember Beneficiary Agreement.

For the year ended March 31, 2016, one donor (Movember Canada) accounted for approximately 43% (2015 - 55%) of the total revenues of PCC and 99% (2015 - 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:

	\$
2017	359
2018	361
2019	362
2020	363
2021	364
Thereafter	1,744

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:

	2016	2015
	\$	\$
Fundraising	929	866
Research	1,166	920
Public education and awareness	351	493
Support groups/survivorship	625	768
General and administration	459	479
	3,530	3,526

Prostate Cancer Canada

Notes to the financial statements

March 31, 2016

(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, 2016, PCC held one lottery (2015 - three). The financial results were as follows:

	2016	2015
	\$	\$
Special events revenue	340	445
Fundraising expenses	84	132
Net revenue	256	313

At March 31, 2016, PCC has a letter of credit of \$133,330 in connection with the lottery.