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Audited Financial Statements

**COAST TO COAST AGAINST CANCER FOUNDATION**

December 31, 2010

**AUDITED FINANCIAL STATEMENTS**

**COAST TO COAST AGAINST CANCER FOUNDATION**

**December 31, 2010**

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# NICHOLAS RALPH CA

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## AUDITOR'S REPORT

To the Directors of **COAST TO COAST AGAINST CANCER FOUNDATION:**

I have audited the accompanying financial statements of COAST TO COAST AGAINST CANCER FOUNDATION which comprise the statement of financial position as at December 31, 2010, and the statement of changes in net assets and the statement of operations and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 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.


Except as explained in the following paragraph, I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In common with many not-for-profit organizations, the Organization derives revenue from donations, registrations and sales of merchandise which are not susceptible of complete audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the books of the Organization and I am not able to determine whether any adjustments might be necessary to donations revenues, registrations revenues, sales of merchandise, excess of revenues over expenditures, assets, and net assets.

### Opinion

In my opinion, except for the effect of adjustments, if any, which might have been required had I been able to satisfy myself concerning the completeness of donations, registrations, and merchandise sales revenues, the financial statements present fairly, in all material respects, the financial position of COAST TO COAST AGAINST CANCER FOUNDATION as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ottawa  
March 31, 2011

  
Nicholas Ralph CA  
Licensed Public Accountant

STATEMENT OF FINANCIAL POSITION  
**COAST TO COAST AGAINST CANCER FOUNDATION**

	December 31	
	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 876,865	\$ 1,599,848
Temporary investments	-	1,625,299
Accounts receivable	69,411	95,276
Prepaid expenses	<u>-</u>	<u>11,006</u>
	946,276	3,331,429
<b>CAPITAL ASSETS--Note C</b>	<u>34,534</u>	<u>18,986</u>
	<u>\$ 980,810</u>	<u>\$ 3,350,415</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities--Note D	\$ 32,063	\$ 2,491,775
<b>NET ASSETS</b>		
Invested in capital assets	34,534	18,986
Unrestricted	<u>914,213</u>	<u>839,654</u>
	<u>948,747</u>	<u>858,640</u>
	<u>\$ 980,810</u>	<u>\$ 3,350,415</u>

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

STATEMENT OF CHANGES IN NET ASSETS

COAST TO COAST AGAINST CANCER FOUNDATION

	Year ended December 31	
	<u>2010</u>	<u>2009</u>
<b>INVESTED IN CAPITAL ASSETS</b>		
Balance at beginning of the year	\$ 18,986	\$ 18,363
Amortization	(11,554)	(9,546)
Net acquisitions of capital assets	<u>27,102</u>	<u>10,169</u>
Balance at end of the year	<u>\$ 34,534</u>	<u>\$ 18,986</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance at beginning of the year	\$ 839,654	\$ 670,627
Excess of revenues over expenditures	90,107	169,650
Net change in capital assets	<u>(15,548)</u>	<u>(623)</u>
Balance at end of the year	<u>\$ 914,213</u>	<u>\$ 839,654</u>

See notes to financial statements

STATEMENT OF OPERATIONS

COAST TO COAST AGAINST CANCER FOUNDATION

	Year ended December 31	
	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Donations		
Official Receipts for Income Tax purposes issued ("Tax-Receipted Revenue")	\$ 3,821,428	\$ 2,468,288
Other	<u>691,265</u>	<u>863,357</u>
	4,512,693	3,331,645
Sponsorships	1,271,367	848,750
Registrations	524,133	341,799
Sales of merchandise	41,868	50,690
Interest and miscellaneous	<u>19,851</u>	<u>20,188</u>
	<u>\$ 6,369,912</u>	<u>\$ 4,593,072</u>
<b>EXPENDITURES</b>		
Donations to other charities	\$ 4,700,000	\$ 3,150,977
Administration		
Accounting and legal	16,166	10,436
Insurance	19,056	18,517
Office supplies	13,302	8,792
Telecommunications	5,458	7,977
Web design	283	3,415
Other	<u>38,086</u>	<u>31,364</u>
	92,351	80,501
Amortization	11,554	9,546
Event promotion and awareness	48,765	71,683
Event operations	1,122,911	828,249
Staff	<u>304,224</u>	<u>282,466</u>
	<u>\$ 6,279,805</u>	<u>\$ 4,423,422</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 90,107</u>	<u>\$ 169,650</u>

See notes to financial statements

STATEMENT OF CASH FLOWS

COAST TO COAST AGAINST CANCER FOUNDATION

	Year ended December 31	
	<u>2010</u>	<u>2009</u>
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Excess of revenues over expenditures	\$ 90,107	\$ 169,650
Items not affecting cash		
Amortization	<u>11,554</u>	<u>9,546</u>
	101,661	179,196
Changes in non-cash working capital		
Accounts receivable	25,865	(562)
Prepaid expenses	11,006	433
Accounts payable and accrued liabilities	<u>(2,459,712)</u>	<u>2,416,175</u>
	\$ <u>(2,321,180)</u>	\$ <u>2,595,242</u>
<b>Investing activities</b>		
Decrease (increase) in temporary investments	\$ 1,625,299	\$ (1,625,299)
Acquisitions of capital assets	<u>(27,102)</u>	<u>(10,169)</u>
	\$ <u>1,598,197</u>	\$ <u>(1,635,468)</u>
<b>(Decrease) increase in cash</b>	\$ (722,983)	\$ 959,774
<b>Cash at beginning of the year</b>	<u>1,599,848</u>	<u>640,074</u>
<b>Cash at end of the year</b>	\$ <u>876,865</u>	\$ <u>1,599,848</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**COAST TO COAST AGAINST CANCER FOUNDATION**

December 31, 2010

**NOTE A--GENERAL**

Coast to Coast Against Cancer Foundation is a not-for-profit organization, whose primary purpose is to raise funds to donate to charities which provide psycho-social support to children afflicted with cancer and to their families. The Organization was incorporated by Letters Patent under the Canada Corporations Act on August 22, 2005 and is a Public Foundation.

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

**Capital Asset Fund**

The Organization's net investment (cost less accumulated amortization) in capital assets is reported in the Capital Asset Fund. The Capital Asset Fund is internally restricted by the Board of Directors.

**Unrestricted Fund**

All other revenues and expenditures, and assets and liabilities, are reported in the Unrestricted Fund.

**Capital Assets**

Capital assets are stated at cost. Amortization is computed using the following methods and rates:

	<u>Method</u>	<u>Rate</u>
Bicycles and racks	Straight-line	50%
Computer equipment	Straight-line	50%
Tents and outdoor equipment	Straight-line	20%

In the year of acquisition capital asset purchases are amortized at half the normal annual rate.

**Revenue Recognition**

The deferral method is used for accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred or accrued. Unrestricted contributions are recognized as revenue when received.

**Donated Materials and Services**

Donated materials are recognized at fair market value where this can be reasonably determined and where, had the materials not been donated, it would have been necessary to purchase them. Donated services are not recognized.

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NOTES TO FINANCIAL STATEMENTS

**COAST TO COAST AGAINST CANCER FOUNDATION**

December 31, 2010

**NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

**Allocation of Expenditures**

The Organization runs several riding events each year to raise money for onward donation to other charities, and routinely makes expenditures on fund-raising and administration, insurance, materials and services, transportation, and other expenses. All expenditures are allocated across events, fund-raising, and administration in a manner consistent with management's estimate of consumption. Management ensures that the basis for allocation of expenditures is applied consistently from year to year, and regularly reviews its estimates of consumption, asset usage, and staff time allocation to ensure that the resulting allocations represent fairly the manner in which expenditures are absorbed across the Organization.

**NOTE C--CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
<b>2010</b>			
Bicycles and racks	\$ 41,052	\$ 29,884	\$ 11,168
Computer equipment	11,113	7,406	3,707
Tents and outdoor equipment	<u>36,620</u>	<u>16,961</u>	<u>19,659</u>
	<u>\$ 88,785</u>	<u>\$ 54,251</u>	<u>\$ 34,534</u>
<b>2009</b>			
Bicycles and racks	\$ 26,162	\$ 26,162	\$ -
Computer equipment	6,171	6,171	-
Tents and outdoor equipment	<u>29,349</u>	<u>10,363</u>	<u>18,986</u>
	<u>\$ 61,682</u>	<u>\$ 42,696</u>	<u>\$ 18,986</u>

NOTES TO FINANCIAL STATEMENTS

**COAST TO COAST AGAINST CANCER FOUNDATION**

December 31, 2010

**NOTE D--ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities includes an amount of \$Nil (2009 - \$1,625,299) being cheques, representing donations to other charities, dated in December but not released until the subsequent year.

**NOTE E--FINANCIAL INSTRUMENTS**

Financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, and other financial liabilities. The classification determines the accounting treatment of the instrument: the classification is determined by the Organization when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The Organization classifies and measures its financial instruments as follows:

<u>Asset or Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held for Trading	Fair value
Temporary investments	Available for sale	Fair value
Accounts receivable	Loans and Receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

Changes in the fair value of financial instruments classified as available for sale are recorded in the statement of changes in net assets until realized, at which time they are recorded in the statement of operations.

**Fair value of financial instruments**

The fair value of a financial instrument is the estimated amount that the Organization would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of temporary investments are determined by reference to published bid price quotations in an active market at year-end.

The fair values of accounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to their nature or capacity for prompt liquidation.

**Risk management**

The Organization manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance with the objective of minimizing volatility in cash flow and operating results. The Organization does not use derivative financial instruments to manage its risks.

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## NOTES TO FINANCIAL STATEMENTS

### COAST TO COAST AGAINST CANCER FOUNDATION

December 31, 2010

#### NOTE E--FINANCIAL INSTRUMENTS (continued)

##### **Credit Risk**

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Organization does not hold directly any collateral as security for financial obligations.

The maximum exposures of the Organization to credit risk at December 31 were: cash \$876,865, (2009 - \$1,599,848), accounts receivable \$69,411, (2009 - \$95,276), and guaranteed investment certificates \$Nil, (2009 - \$1,625,299).

Cash and investments: credit risk associated with cash and investments (guaranteed investment certificates and money market funds) is mitigated substantially by ensuring that these assets are invested in financial obligations of Canadian chartered banks or major Canadian investment funds.

Accounts receivable: credit risk associated with accounts receivable is minimal as substantially all of the accounts receivable are due from investees in the form of accrued interest receivable on investments, or from the federal government in the form of refundable Harmonized Sales Tax.

Management believes that concentrations of credit risk with respect to cash and investments is limited due to the credit quality of the counter-parties.

##### **Liquidity Risk**

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk that the Organization might not be able to liquidate assets in a timely manner at a reasonable price.

The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of receipts and expenditures from operations, and by investing surplus cash in instruments which may readily be converted to cash.

##### **Market Risk**

Market risk includes currency risk, interest rate risk, and other price risk. The Organization is not exposed directly to currency risk or other price risk as its financial assets are denominated in Canadian dollars and are not by their nature subject to other price risk.

The Organization is exposed to interest rate risk, which refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The amounts exposed to interest rate risk as at December 31 were: guaranteed investment certificates \$-, (2009 - \$1,625,299).

NOTES TO FINANCIAL STATEMENTS

**COAST TO COAST AGAINST CANCER FOUNDATION**

December 31, 2010

**NOTE F--SOURCES OF REVENUES**

The Organization receives donations and registration revenues from many sources: no single donor or registrant accounted for 1% or more of the Organization's donation or registration revenues respectively.

The Organization event sponsorship revenues came from various sources:

	<u>2010</u>	<u>2009</u>
In amounts of \$50,000 or more (2010 - 6 sponsors, 2009 - 3)	\$ 968,200	\$ 635,000
In other amounts (2010 - 35 sponsors, 2009 - 26)	<u>303,167</u>	<u>213,750</u>
Total	<u>\$ 1,271,367</u>	<u>\$ 848,750</u>

**NOTE G--OPERATING RATIOS**

The Organization's operating objectives include the donation to other registered charitable organizations of 100% of the revenue received by the Organization in the form of donations for which Official Receipts for Income Tax Purposes are issued ("tax-receipted revenue"), and the coverage of all operating costs from revenues other than tax-receipted revenue. The ratios for the current and prior years are:

	<u>2010</u>	<u>2009</u>
Donations to other charities as a percentage of tax-receipted revenue:		
Current year	123.0 %	127.7 %
Cumulative	114.8 %	109.7 %
Proportion of operating costs covered by other (non tax-receipted) revenue:		
Current year	100.0 %	100.0 %
Cumulative	100.0 %	100.0 %