Financial Statements

CANADIAN PARTNERSHIP AGAINST CANCER CORPORATION

March 31, 2022

Contents

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Independent Auditor's Report

To the Members of Canadian Partnership Against Cancer Corporation

Opinion

We have audited the accompanying financial statements of Canadian Partnership Against Cancer Corporation (the "Partnership"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant account policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Partnership Against Cancer Corporation as at March 31, 2022, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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.

In preparing the financial statements, management is responsible for assessing the Partnership'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 Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership'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 generally accepted auditing standards 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.

Independent Auditor's Report (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Partnership'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 Partnership'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 Partnership 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Oakville, Ontario
June 22, 2022

Canadian Partnership Against Cancer Corporation

Statement of operations and changes in net assets

Year ended March 31	2022	2021
Expenses		
Prevention	**$ 3,387,515**	$ 2,929,094
Screening	**5,719,950**	3,525,864
Cancer diagnosis and care	**2,291,612**	3,005,194
Patient experience	**6,256,838**	5,055,076
Research	**8,346,943**	5,392,956
First Nations, Inuit and Métis Cancer control	**7,331,128**	7,208,563
System performance	**3,328,776**	2,557,387
Strategy and analysis (Note 5)	**2,420,309**	2,971,601
Knowledge mobilization (Note 5, 9)	**2,682,783**	3,189,848
Public engagement and outreach	**1,996,296**	1,808,365
Program support	**2,032,938**	2,028,999
	45,795,088	39,672,947
Operating expenses (Note 4, 9)	**8,912,436**	8,343,598
	54,707,524	48,016,545
Revenue		
Government of Canada (Note 7)	**54,419,050**	47,001,768
Healthcare Excellence Canada	**100,000**	957,097
Other funding	**188,474**	57,680
	54,707,524	48,016,545
Excess of revenue over expenses for the year, and net assets at the end of the year	**$ -**	**$ -**

Approved by the Board of Directors

Graham Sher
Chair of the Board of Directors

Helen Mallovy Hicks
Chair of the Finance, Audit and Risk Committee

See accompanying notes to the financial statements.

Canadian Partnership Against Cancer Corporation

Statement of financial position

As at March 31	2022	2021
Assets		
Current		
Cash	**$ 4,448,582**	$ 4,668,046
Short-term investments	**8,037,660**	5,020,979
Accounts receivable	**615,617**	304,820
Projects in process – advances (Note 3)	**2,752,795**	6,344,986
Prepaid expenses	**677,462**	689,460
	16,532,116	17,028,291
Capital assets (Note 4)	**2,035,624**	2,547,156
Intangible assets (Note 5)	**-**	113,953
	2,035,624	2,661,109
	$ 18,567,740	$ 19,689,400
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	**$ 5,224,583**	$ 4,337,518
Government remittances payable (Note 6)	**75,027**	52,748
Deferred contributions – Expenses of future periods (Note 7(a))	**10,840,807**	12,216,320
	16,140,417	16,606,586
Deferred contributions - Capital and intangible assets (Note 7(b))	**1,530,276**	2,073,813
Lease inducements (Note 8)	**897,047**	1,009,001
	2,427,323	3,082,814
	18,567,740	19,689,400
Net assets	**-**	-
	$ 18,567,740	$ 19,689,400

Commitments and Guarantees (Notes 10 and 11)

See accompanying notes to the financial statements.

Canadian Partnership Against Cancer Corporation

Statement of cash flows

Year ended March 31	2022	2021
Increase (decrease) in cash		
Operating activities		
Government of Canada contributions received (Note 7)	**$ 52,500,000**	$ 51,000,000
Other contributions received	**555,635**	1,020,403
Interest received on short-term investments	**70,829**	72,456
Interest paid to Government of Canada	**(63,281)**	(110,864)
Cash paid for programs and operating expenses	**(50,214,028)**	(46,837,962)
	2,849,155	(5,144,033)
Investing activities		
Purchase of short-term investment	**(7,000,000)**	(9,500,000)
Redemption of short-term investment	**4,001,145**	7,500,000
	(2,998,855)	(2,000,000)
Financing activities		
Purchase of capital and intangible assets	**(69,764)**	(188,131)
	(69,764)	(188,131)
Increase (decrease) in cash	**(219,464)**	2,955,902
Cash, beginning of year	**4,668,046**	1,712,144
Cash, end of year	**$ 4,448,582**	$ 4,668,046

See accompanying notes to the financial statements.

1. Description of the organization

Canadian Partnership Against Cancer Corporation (the "Partnership") was incorporated on October 24, 2006 under the *Canada Corporations Act* and commenced start-up operations on January 1, 2007 to implement the Canadian Strategy for Cancer Control. In June 2013, the Partnership submitted Articles of Continuance to Industry Canada and transitioned to the *Canada Not-for-profit Corporations Act* (CNCA).

In implementing the Canadian Strategy for Cancer Control, the Partnership plays a unique role working with partners to support multi-jurisdictional uptake of the knowledge emerging from cancer research and best practices in order to optimize cancer control planning and drive improvements in quality of practice across the country. Partners include provincial and territorial cancer programs; federal organizations and agencies; First Nations, Inuit and Métis organizations; national health and patient organizations; and individual experts who provide strategic cancer control insight and advice from both patient and professional perspectives.

With a focus on the full cancer continuum from prevention and treatment through to survivorship and end-of-life care, the Partnership supports the collective work of the broader cancer control community in achieving long-term outcomes that will have a direct impact on the health of Canadians to:

a) reduce the incidence of cancer;
b) lessen the likelihood of Canadians dying from cancer; and
c) enhance the quality of life of those affected by cancer.

The Partnership is primarily funded through an agreement with the Government of Canada. The initial funding agreement provided a contribution of $240.4 million over five years ending March 31, 2012. The second funding agreement provided a contribution of $239.6 million over the period of April 1, 2012 to March 31, 2017. The Contribution Agreement signed in March 2017 with the Government of Canada providing a contribution of $237.5 million over five years ending March 31, 2022 was extended to March 31, 2023 due to the impact of the COVID-19 pandemic. On March 10, 2022, the Partnership signed a fourth Contribution Agreement with the Government of Canada, providing $237.5 million over the next 5 years ending March 31, 2027.

The Partnership is registered as a not-for-profit Corporation under the *Income Tax Act* and, accordingly, is exempt from income taxes.

2. Significant accounting policies

Financial statement presentation

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

Revenue recognition

The Partnership follows the deferral method of accounting for restricted contributions. Contributions from the Government of Canada are recognized as revenue in the fiscal year in which the related expenses are recognized.

Contributions for the purchase of capital and intangible assets are recorded as deferred contributions – capital and intangible assets, and subsequently recognized as revenue over the same terms and on the same basis as the amortization of the related capital and intangible assets.

Short-term investments

Short-term investments consist of deposits in high interest savings accounts and deposits with a maturity at acquisition of less than 1 year. Under the terms of the Contribution Agreement with the Government of Canada, investment income, which consists entirely of interest, is for the account of the Government of Canada and is recorded on an accrual basis.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful life on a straight-line basis using the following rates:

Information technology and telecommunication	3 years
Furniture and equipment	5 years
Leasehold improvements	Over the term of the lease

Intangible assets

Intangible assets are recorded at cost and are amortized over their estimated useful life on a straight-line basis using the following rates:

Portal and software development	3 years

2. Significant accounting policies (continued)

Financial instruments

The Partnership considers any contract creating a financial asset or financial liability a financial instrument. The Partnership accounts for the following as financial instruments:

- cash
- short-term investments
- accounts receivable
- projects in process
- accounts payable and accrued liabilities
- government remittances payable

A financial asset or liability is recognized when the Partnership becomes party to contractual provisions of the instrument. The Partnership removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

The Partnership initially measures its financial assets and financial liabilities at fair value. In the case of a financial asset or financial liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. The Partnership subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less impairment.

At the end of each reporting period, the Partnership assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. When there is any such indication of impairment, the Partnership determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from that financial asset. Where this is the case, the carrying amounts of the assets are reduced to the highest of the expected value that is actually recoverable from the assets either by holding the assets, by their sale or by exercising the right to any collateral, net of cost. The carrying amounts of the assets are reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in the statement of operations.

2. Significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenue over expenses as appropriate in the fiscal year they become known.

Items subject to significant management estimates include the estimated useful life of capital and intangible assets. Actual results could differ from those estimates.

3. Projects in process - advances

Projects in process – advances represent projects where the Partnership has advanced funds to third party partners where project milestones were in process and funds have not been expended by the third-party partner.

4. Capital assets

			2022	2021
	Cost	Accumulated Amortization	**Net book Value**	Net book Value
Information technology and telecommunication	$ 1,171,936	$ 1,122,973	**$ 48,963**	$ 109,394
Furniture and equipment	914,893	840,899	**73,994**	214,933
Leasehold improvements	3,247,695	1,335,028	**1,912,667**	2,222,829
	$ 5,334,524	$ 3,298,900	**$ 2,035,624**	$ 2,547,156

Included in operating expenses is amortization expense related to capital assets of $581,296 (2021 - $597,128). During the year, the Partnership disposed capital assets with a cost of $420,455 (2021 – nil) which were fully amortized.

5. Intangible assets

	Cost	Accumulated Amortization	**2022** **Net book Value**	2021 Net book Value
Portal and software	$ 1,670,405	$ 1,670,405	**$ -**	$ 113,953
	$ 1,670,405	$ 1,670,405	**$ -**	$ 113,953

Included in Strategy and analysis and knowledge mobilization expenses is amortization expense related to intangible assets of $113,953 (2021 - $113,954). No intangible assets were disposed during the year (2021 – nil).

6. Government remittances payable

	2022	2021
Interest received on short-term investments payable	**$ 30,690**	$ 18,303
Employee withholdings and other payable	**44,337**	34,445
Government remittances payable	**$ 75,027**	$ 52,748

7. Deferred contributions

(a) Expenses of future periods

Deferred contributions are restricted for expenses of future periods.

	2022	2021
Deferred contributions, beginning of year	**$ 12,216,320**	$ 7,777,085
Current year contribution from Government of Canada	**52,500,000**	51,000,000
Interest earned on contributions received	**75,667**	65,017
	64,791,987	58,842,102
Amount recognized as revenue during the year	**(53,805,749)**	(46,372,634)
Amount applied towards capital and intangible assets acquired	**(69,764)**	(188,131)
Interest paid to Government of Canada	**(44,978)**	(46,714)
Interest payable to Government of Canada	**(30,689)**	(18,303)
Deferred contributions, end of year	**$ 10,840,807**	$ 12,216,320

7. Deferred contributions (continued)

(b) Capital and intangible assets

Deferred contributions related to capital and intangible assets include the unamortized portions of contributions with which assets were purchased.

		2022		2021
Deferred contributions, beginning of year	**$**	**2,073,813**	$	2,514,816
Contributions applied toward capital and intangible asset purchases		**69,764**		188,131
Amount amortized to revenue during the year		**(613,301)**		(629,134)
Deferred contributions, end of year	**$**	**1,530,276**	$	2,073,813

Total Government of Canada revenues recognized of $54,419,050 (2021 - $47,001,768) during the year include amounts amortized to revenues from capital and intangible assets.

8. Lease inducements

The lease inducements include the following amounts:

		2022		2021
Leasehold improvements	**$**	**505,348**	$	587,296
Free rent and other		**391,699**		421,705
Total lease inducements	**$**	**897,047**	$	1,009,001

During the year, leasehold improvements and other inducements of $30,006 (2021 – provided $12,751) were amortized. The amortization of leasehold improvements allowances is $81,948 (2021 -$81,948).

9. Allocation of expenses

The Partnership's website and other digital assets are key channels of supporting multi-jurisdictional uptake of knowledge emerging from cancer research and best practices to drive improvements in quality of practice and optimize cancer control planning across the country. As such, some information technology and human resources expenses have been allocated on the basis of level of effort to Knowledge mobilization program - $1,812,564 (2021 - $2,028,840).

10. Commitments

Contractual commitments

As of March 31, 2022 the Partnership has contractual commitments related to specific projects and professional services amounting to approximately $26.7 million (2021 - $42.7 million) which are subject to terms and conditions as set out in the related agreements. More specifically, project related commitments are contingent upon meeting contractually defined milestones and deliverables. These are as follows:

		(000's)
2023	$	25,422
2024 and thereafter		1,327
	$	26,749

Operating lease commitments

The future minimum lease payments for premises and equipment for the next 5 years and thereafter are as follows:

		(000's)
2023	$	750
2024		750
2025		750
2026		793
2027		802
2028 and thereafter		935
	$	4,780

11. Guarantees

In the normal course of operations, the Partnership enters into agreements that meet the definition of a guarantee.

The Partnership has provided indemnities under a lease agreement for the use of operating facilities. Under the terms of this agreement the Partnership agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated. The Partnership has purchased commercial property and general liability insurance with respect to these indemnities.

The Partnership has indemnified its present and future directors, officers and employees against expenses, judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to serving the best interest of the Partnership. The nature of the indemnity prevents the Partnership from reasonably estimating the maximum exposure. The Partnership has purchased directors' and officers' liability insurance with respect to this indemnification.

12. Contingencies

The Partnership is a member of Healthcare Insurance Reciprocal of Canada (HIROC), which was established by hospitals and other organizations to self-insure. If the aggregate premiums paid are not sufficient to cover claims, the Partnership will be required to provide additional funding on a participatory basis.

Since the inception, HIROC has accumulated an unappropriated surplus, which is the total of premiums paid by all subscribers plus investment income less the obligation for claims reserves and expenses and operating expenses. Each subscriber which has an excess of premium plus investment income over the obligation for their allocation of claims reserves and operating expenses may be entitled to receive distributions of their share of the unappropriated surplus at the time distributions are declared by the Board of Directors of HIROC.

13. Pension plan

The Partnership is a member of the Healthcare of Ontario Pension Plan [“HOOPP”]. HOOPP is a multi-employer defined benefit pension plan that is being accounted for as a defined contribution pension plan as sufficient information is not available to follow the accounting guidelines for a defined benefit pension plan. The employer contributions made by the Partnership to the plan in the current year amounted to $1,421,998 (2021 - $665,862) and are included in the Statement of operations and changes in net assets.

14. COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

There could be further impact from COVID-19 that could affect the timing and amounts recognized in the Partnership’s financial results. Management is actively monitoring the impact on its financial condition, operations, third party partners, suppliers, sector, and workforce. The full potential impact of the ongoing pandemic on the Partnership is not known at this time.