Grant Thornton

Financial Statements of

Canadian Cancer Society - Société Canadienne du Cancer

Year ended January 31, 2018

Contents

Grant Thornton

Independent auditor's report

Grant Thornton LLP
1th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Board of Directors of
Canadian Cancer Society – Société Canadienne du Cancer

We have audited the accompanying financial statements of the Canadian Cancer Society – Société Canadienne du Cancer, which comprise the statement of financial position as at January 31, 2018, and the statement of financial activities – operations and externally restricted funds, statement of changes in fund balances and statement 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many not-for-profit organizations, the Canadian Cancer Society – Société Canadienne du Cancer derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Canadian Cancer Society – Société Canadienne du Cancer. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the year ended January 31, 2018, current assets as at January 31, 2018, and fund balances as at February 1, 2017 and January 31, 2018.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Canadian Cancer Society – Société Canadienne du Cancer as at January 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.

Comparative information

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes that Canadian Cancer Society – Société Canadienne du Cancer amalgamated with Canadian Breast Cancer Foundation on February 1, 2017. Merger accounting was applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at January 31, 2017, and the statements of financial activities – operations and externally restricted funds, changes in fund balances and cash flows for the year ended January 31, 2017 and related disclosures. We were not engaged to report on the combined comparative information, and as such, it is unaudited.

Grant Thornton LLP

Toronto, Canada
May 31, 2018

Chartered Professional Accountants
Licensed Public Accountant

Canadian Cancer Society - Société Canadienne du Cancer
Statement of Financial Position

(in thousands of dollars)
As at January 31

		2018		2017 (Combined / unaudited – note 1)
Assets				
Current assets:				
Cash and cash equivalents	$	**46,951**	$	57,961
Short-term investments (note 3)		**14,625**		15,106
Accounts receivable		**6,900**		4,817
Prepaid expenses		**1,059**		2,522
BC Healthy Living Alliance ("BCHLA") funds held in trust (note 4)		**-**		7,364
		69,535		87,770
Long-term investments (note 5)		**73,306**		55,545
Intangible assets (note 6)		**1,219**		1,248
Capital assets (note 7)		**38,147**		41,212
	$	**182,207**	$	185,775
Liabilities and Fund Balances				
Current liabilities:				
Accounts payable and accrued liabilities (note 8)	$	**10,444**	$	10,600
Research grants payable		**5,718**		3,484
Deferred revenue (note 9)		**16,755**		16,159
BCHLA funds held in trust (note 4)		**-**		7,364
		32,917		37,607
Defined benefit pension liability (note 11(a))		**15,308**		22,897
Defined benefit liability for post-retirement benefits other than pensions (note 11(b))		**27,088**		23,093
Other long-term liabilities		**866**		4,281
		76,179		87,878
Fund Balances:				
Externally restricted (note 12)		**11,006**		10,808
Invested in capital assets (note 13)		**39,366**		42,460
Employee future benefits (note14)		**(42,396)**		(45,990)
Internally restricted (note 15)		**22,538**		22,691
Unrestricted		**75,514**		67,928
		106,028		97,897
	$	**182,207**	$	185,775

Commitments (note 17)
Guarantees and contingencies (note 20)

On behalf of the Board:

_______________ Director _______________ Director

See accompanying notes to the financial statements.

Canadian Cancer Society - Société Canadienne du Cancer
Statement of Financial Activities – Operations and Externally Restricted Funds

(in thousands of dollars)
Year ended January 31

	Operations		Externally restricted	
	2018	2017 (Combined / unaudited – note 1)	**2018**	2017 (Combined / unaudited – note 1)
Revenue:				
Individual donations	**$ 103,026**	$ 112,479	**$ 37**	$ 25
Corporate	**17,470**	18,138	**-**	441
Planned giving	**25,768**	29,592	**83**	940
Lotteries (note 18)	**18,655**	18,941	**-**	-
Government sponsored projects and grants	**13,304**	13,793	**-**	-
Investment income (Note 19)	**3,238**	3,304	**354**	764
Other	**5,024**	3,630	**-**	3
	186,485	199,877	**474**	2,173
Expenses:				
Mission expenses:				
Programs	**51,435**	66,458	**-**	2
Research	**48,861**	54,813	**-**	21
Advocacy	**3,253**	4,490	**-**	-
	103,549	125,761	**-**	23
Fundraising	**54,335**	75,317	**7**	65
Lotteries (note 18)	**14,443**	15,531	**-**	-
Administration	**6,553**	10,122	**28**	48
	178,880	226,731	**35**	136
Excess (deficiency) of revenue over expenses	**$ 7,605**	$ (26,854)	**$ 439**	$ 2,037

See accompanying notes to the financial statements.

Canadian Cancer Society - Société Canadienne du Cancer
Statement of Changes in Fund Balances

(in thousands of dollars)
Year ended January 31

	Externally restricted	Invested in capital assets	Employee future benefits	Internally restricted	Unrestricted	**Total 2018**	Total 2017 (Combined / unaudited – note 1)
Fund balances, beginning of year	$ 10,808	$ 42,460	$ (45,990)	$ 22,691	$ 67,928	**$ 97,897**	$ 117,437
Excess (deficiency) of revenue over expenses	438	(3,337)	(1,876)	-	12,819	**8,044**	(24,817)
Invested in capital assets	-	243	-	-	(243)	**-**	-
Employee future benefits contributions	-	-	5,383	-	(5,383)	**-**	-
Appropriations (notes 12, 15)	(240)	-	-	(153)	393	**-**	-
Remeasurements and other items	-	-	87	-	-	**87**	5,277
Fund balances, end of year	$ 11,006	$ 39,366	$ (42,396)	$ 22,538	$ 75,514	**$ 106,028**	$97,897

See accompanying notes to the financial statements.

Canadian Cancer Society - Société Canadienne du Cancer
Statement of Cash Flows

(in thousands of dollars)
Year ended January 31

	2018	2017 (Combined / unaudited – note 1)
Operating activities		
Excess (deficiency) of revenue over expenses	**$ 8,044**	$ (24,817)
Non-cash items:		
Amortization of capital assets	**2,616**	2,865
Amortization of intangible assets	**29**	29
Loss on capital asset disposition	**692**	854
Post-retirement benefits expense	**861**	1,658
Defined benefit pension expense	**1,015**	1,081
Gain on investments	**(1,193)**	(999)
Employer post-retirement benefits contributions	**(1,060)**	(900)
Employer defined benefit pension contributions	**(4,323)**	(4,353)
Change in non-cash operating working capital (note 24)	**(1,361)**	3,647
	5,320	(20,935)
Financing activities		
Repayment of credit facility	**-**	(400)
Investing activities		
Capital asset additions	**(243)**	(2,567)
Proceeds from disposal of capital assets	**-**	804
Net sale of short-term investments	**134**	21,619
Purchase of long-term investments	**(41,702)**	(4,147)
Fund balance contribution	**-**	17
Sale of long-term investments	**25,481**	8,211
	(16,330)	23,937
(Decrease) increase in cash	**(11,010)**	2,602
Cash and cash equivalents, beginning of year	**57,961**	55,359
Cash and cash equivalents, end of year	**$ 46,951**	$ 57,961

See accompanying notes to the financial statements.

The Canadian Cancer Society - Société Canadienne du Cancer (the "Society") is a registered charity incorporated under the Canada Not-for-profit Corporations Act (CNCA) as an organization without share capital. The Society is a national, community-based organization of volunteers, whose mission is the eradication of cancer and the enhancement of the quality of life of people living with cancer. The Society achieves its mission through research, programs (prevention, information and support) and advocacy for healthy public policy and access to quality cancer care everywhere in Canada. These efforts are supported by volunteers and staff and funds raised in communities across Canada.

The Society is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes provided certain requirements under the Income Tax Act (Canada) are met.

1. Amalgamation of the Society and the Canadian Breast Cancer Foundation and the impact of accounting policy alignment

On February 1, 2017, the Society amalgamated with the Canadian Breast Cancer Foundation (CBCF) to increase operational efficiencies and further the impact of both organizations on all types of cancer for all Canadians. The amalgamated entity retained the name the Canadian Cancer Society - Société Canadienne du Cancer. This amalgamation has allowed the new Society to accelerate the impact of donor dollars on cancer research and vital support services for people living with and affected by cancer.

Canadian Accounting Standards for Not-for-profit Organizations (ASNPO), do not include guidance on combinations of not-for-profit organizations. In this situation ASNPO requires management to choose and consistently apply an accounting policy from a source that:

- deals with the specific circumstances relevant to the entity;
- has authority to issue accounting standards in its own jurisdiction;
- is relevant to the nature and timing of the events; and
- has been developed after extensive consultation and debate.

After a thorough analysis of accounting policy options, management has chosen to follow guidance in Financial Reporting Standard (FRS) 102, applicable in the UK and Republic of Ireland, as issued by the Financial Reporting Council (FRC) in the United Kingdom. Specifically, the Society has applied guidance in FRS 102, Section PBE34.75 to PBE34.86, *Public Benefit Entity Combinations*. Under this section the amalgamation of the Society and CBCF meets the definition of a merger and merger accounting has been applied in these financial statements.

The results for the year ended January 31, 2018 are those of the amalgamated entity from the date of the transaction, which coincided with the beginning of the fiscal year. The prior year unaudited comparative figures show the aggregated results for the two entities when they were operating independently. The aggregated results include adjustments made to the comparative balances of both organizations in order to align the prior accounting policies with those of the amalgamated entity. The adjustments are as follows:

(in thousands of dollars)

1. Amalgamation of the Society and the Canadian Breast Cancer Foundation and the impact of accounting policy alignment (continued)

Aggregated Statement of Financial Activities, Year ended January 31, 2017 (unaudited):

	CCS	CBCF	Adjustments	Total
Total revenue	$ 170,865	$ 31,485	$ (300)	$ 202,050
Total expenses	187,471	35,984	3,412	226,867
Deficiency of revenue over expenses	$ (16,606)	$ (4,499)	$ (3,712)	$ (24,817)

Aggregated Statement of Financial Position, as at January 31, 2017 (unaudited):

	CCS	CBCF	Adjustments	Total
Total assets	$ 137,146	$ 48,629	$ -	$ 185,775
Total liabilities	72,345	20,454	(4,921)	87,878
Fund balances:				
Externally restricted	18,782	1,409	(9,383)	10,808
Invested in capital assets	40,948	1,512	-	42,460
Employee future benefits	(45,990)	-	-	(45,990)
Internally restricted	22,538	2,804	(2,651)	22,691
Unrestricted	28,523	22,449	16,956	67,928

The most significant adjustments included in the above tables are as follows:

In order to align the accounting policy with respect to the recognition of grant expenses, the opening unrestricted fund balance was increased by $16,129, the grant expense was increased by for the year by $3,582 and the grants payable were decreased by $12,547.

In order to reclassify amounts previously recognized as internally restricted to the unrestricted fund, the opening internally restricted fund balance was decreased by $7,880, the opening unrestricted fund balance was increased by $8,033, and the opening restricted fund balance was decreased by $153. During the comparative period additional appropriations of $5,229 were approved from the internally restricted fund to the unrestricted fund.

In order to implement an accounting policy with respect to the deferral of externally restricted amounts which are received for non-endowment or capital purposes, the opening externally restricted fund balance was decreased by $9,062, the opening unrestricted fund was increased by $1,569 and the deferred revenue liability was increased by $7,623. During the comparative period additional appropriations of $37 were approved from the externally restricted fund to the unrestricted fund and the revenues and expenses were increased by $300 and $170 respectively.

2. Significant accounting policies

(a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Fund accounting:

The Society follows the restricted fund method of accounting for contributions.

The externally restricted fund reports contributions utilized for capital campaigns and endowments. Other externally restricted contributions that relate to the Society's regular operations are reported as deferred revenue.

The internally restricted fund reports balances that have been allocated for specific purposes by the Board of Directors of the Society.

The invested in capital assets fund represents the net book value of all capital assets, less any related debt.

The fund presented as employee future benefits represent the defined benefit pension liability and the defined benefit liability for post-retirement benefits other than pensions.

The unrestricted fund accounts for the Society's research, programs, advocacy, fundraising and administration activities.

(c) Prepaid expenses:

Prepaid expenses include administrative costs paid in advance of the fiscal year to which the costs relate, such as prepaid property and liability insurance.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has elected to carry its investments at fair value. Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets measured at cost or amortized cost are regularly assessed for indicators of impairment. If there is an indication of impairment the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset, and recognizes an impairment loss if the carrying value of the financial asset is greater than the higher of the present value of the expected future cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral.

2. Significant accounting policies (continued)

(d) Financial instruments (continued):

If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The investment policy of the Society prohibits investment in any derivative financial instrument arrangements for leveraging or speculative purposes. The Society may invest in derivatives to specifically hedge investment assets against currency or interest rate risk.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over the following periods:

Buildings	Maximum of 40 years based on useful life
Furniture and fixtures	4 years
Office equipment	3 years
Vehicles	3 years
Leasehold improvements	Lesser of lease term and useful life

(f) Commitments:

Grants for research may be awarded for a period covering more than one fiscal year, subject to available funding and grantees meeting certain performance criteria. The statement of financial activities reflects only that portion of grants payable during the current fiscal year.

Grants payable represents amounts payable upon receipt of financial reports, various certificates and actual invoices for equipment purchased from the various grantee institutions.

(g) Deferred revenue:

Deferred revenue includes ticket sales from undrawn lotteries and donations received for events to be held in the next fiscal year.

Deferred revenue also represents the deferred portion of government-sponsored projects, designated bequests and funds received for specific projects for which no corresponding restricted fund exists.

Deferred revenues are recognized as revenue when the related expenses are incurred.

2. Significant accounting policies (continued)

(h) Employee future benefits:

(i) Pension plan:

The Society maintains a registered pension plan with a defined benefit component and a defined contribution component, which covers substantially all employees of the Society. The defined benefit component provides pensions based on length of service and final average earnings. The defined contribution component provides benefits based on the amount of employee and employer contributions and the rate of return on such contributions. As of January 1, 2016, all pension plan members participate under the defined contribution component for all future service.

The Society also maintains a supplemental defined benefit pension plan (non-registered plan) providing benefits above the maximums prescribed under the Income Tax Act (Canada). The non-registered pension plan is unfunded.

The Society measures the defined benefit obligations using an actuarial valuation prepared for accounting purposes, based on the projected benefit method prorated on services (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial assumptions). The measurement date of the plan assets and defined benefit obligations is January 31. The most recent actuarial valuation of the defined benefit components of the pension plan and the non-registered supplemental pension plan, prepared for accounting purposes, was as of December 31, 2017, and the next required valuation for accounting purposes will be as of December 31, 2020. The financial statements were prepared using a projection of the December 31, 2017 valuation. The cost of the defined contribution component of the pension plan is based on a percentage of the employee's pensionable earnings.

(ii) Post-retirement benefits other than pensions:

The Society maintains a post-retirement benefit plan for retired employees and their spouses which includes life insurance, extended health care and dental care benefits. Employees joining the Society after January 1, 2007 are not eligible for this benefit plan. The post-retirement benefit plan is unfunded.

The Society accrues its obligations under the post-retirement benefit plan as the employees render the services necessary to earn the post-retirement benefits. The Society measures the post-retirement benefit obligation using an actuarial valuation prepared for accounting purposes, based on the projected benefit method prorated on services (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial assumptions). The measurement date of the post-retirement benefit obligation is January 31. The most recent actuarial valuation of the post-retirement benefit plan, prepared for accounting purposes, was as of July 31, 2016, and the next required valuation for accounting purposes will be as of July 31, 2019. The financial statements were prepared using a projection of the July 31, 2016 valuation.

2. Significant accounting policies (continued)

(h) Employee future benefits (continued):

(ii) Post-retirement benefits other than pensions (continued):

The Society accounts for current service costs and finance costs under the pension and post-retirement benefits other than pension plans through the statement of financial activities. Remeasurements and other items are accounted for through the statement of changes in fund balances and include actuarial gains and losses; past service costs; and gains and losses arising from settlements and curtailments.

Actuarial gains and losses are changes in the defined benefit obligations arising from differences between actual and expected experiences and from changes in the actuarial assumptions used to determine the defined benefit obligations.

(i) Revenue and expenses:

(i) Revenue:

Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

Special events revenue is recognized on completion of the event.

The Society is the beneficiary under various wills and trust agreements. The total realizable amounts are not readily determinable. The Society recognizes such bequests when the proceeds are received or when collection of the amount is reasonably assured and reliably measurable.

Endowment contributions are recognized as revenue in the year in which they are received. Endowments consist of restricted contributions received by the Society where the principal gift is required to be maintained intact and investment income generated is used in accordance with the purposes established by the donors.

(ii) Expenses:

Expenses are charged to mission priorities, which include research, programs, advocacy, as well as fundraising and administration according to the activity that they benefit. Certain expenses benefit more than one category and, accordingly, are attributed to the relevant categories. In addition, certain administrative expenses are allocated to mission and fundraising activities based on an estimate of staff time related to each area of activity (see note 12). A policy exists that enforces annual review and approval of the basis of attribution and allocation for all expenses. The basis of allocation may be revised according to circumstances prevailing at any given time.

2. Significant accounting policies (continued)

(i) Revenue and expenses (continued):

(ii) Expenses (continued):

- Programs expenses consists of health promotion for Canadians (tobacco cessation, healthy eating, physical activity, reduced exposure to carcinogens, screening) and of support to cancer patients and caregivers during and beyond the cancer journey. Information, emotional and practical support programs are delivered in the community, by telephone, print or through the website and social media. Examples of programs include community outreach, workplace wellness, smoking cessation, information and support services, lodges, transportation, financial assistance, wigs/prosthesis and related activities.

- Research expenses includes research funding and the costs of supporting research programs. Research funding (projects, personnel and research centres) focuses on the advancement of knowledge in cancer risk reduction and prevention, screening, diagnosis, treatment, cure, supportive care, survivorship and end-of-life care through basic-biomedical, translational, clinical, behavioural and population-based research. Supporting research programs includes activities related to the peer-review process, program administration, research forums, advisory committees and linkage with researchers.

- Fellowships and grants may be awarded, and contracts entered into, for a period covering more than one fiscal year. The statement of financial activities reflects only that portion of fellowships, grants or contracts payable during the current fiscal year.

- Advocacy expenses includes activities related to influencing policy makers to implement public policies and programs that enable the adoption of healthy behaviours, reduction of occupational and environmental carcinogens, access to organized cancer screening programs and quality cancer care (from diagnosis to palliative care), financial support for cancer patients and caregivers and investment in cancer research. Activities include developing positions, raising public awareness, mobilizing communities, building coalitions and lobbying.

- Fundraising expenses include all costs supporting the generation of fundraising revenue to provide the means to further the Society's mission.

- Lotteries fundraising expenses include prizes awarded, marketing and other expenses.

2. Significant accounting policies (continued)

(i) Revenue and expenses (continued):

(ii) Expenses (continued):

- Administration expenses are incurred to operate the organization and its programs in a cost-effective manner while maximizing all opportunities to further the Society's mission. These include expenses related to human resources, information technology, facilities and finance department in addition to corporate governance activities, such as strategic planning, compliance and regulatory reporting, and financial planning. As discussed above, amounts related to fundraising and mission are allocated to those activities.

(j) Donated goods and services:

The value of donated goods and services is recorded as revenue and an expense in the financial statements when the fair value can be reasonably estimated and when the goods and services are normally purchased and would be paid for if not donated.

The Society's programs benefit substantially from services in the form of volunteer time. The value of volunteer services is not recorded in these financial statements.

(k) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid and for which the original maturities are less than three months.

(l) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include obligations related to employee future benefits, carrying amount of capital assets, and allocation of expenses. Actual results could differ from those estimates.

3. Short-term investments

Short-term investments, in the amount of $5,095 (2017 - $9,470), mature or are redeemable at various dates not exceeding 12 months, and have interest rates varying from 0.95% to 1.6% (2017 - 0.60% to 0.95%).

In addition, there are short-term investments in the amount of $9,530 (2017 - $5,636) managed by an independent investment manager, with interest rates for fixed income securities varying from 0.50% to 8.5% (2017 - 1.58% to 6.58%) and the maturity dates from March 2018 to November 2027 (2017 - April 2017 to July 2022).

(in thousands of dollars)

4. Funds held in trust

		Balance, beginning of year		Additions		Disbursements		Balance, end of year
BCHLA funds held in trust	$	7,364	$	277	$	7,641	$	-

During the year, under mutual agreement the Society discontinued its agreement with BC Healthy Living Alliance ("BCHLA) to act as its fiscal agent following BCHLA's decision to incorporate as a non-profit Society. Effective June 1, 2017, the BC Healthy Living Alliance ("BCHLA") incorporated under the BC Society's Act as BC Alliance for Healthy Living Society ("BCAHLS"), and all funds held in trust by the Society were returned.

5. Long-term investments

		2018		2017
Pooled funds	**$**	**72,853**	$	55,093
Other investments		**453**		452
	$	**73,306**	$	55,545

Long-term investments have been placed in an independently managed portfolio of pooled funds, which can be promptly liquidated if required. These investments have been classified as long-term investments as the Society does not intend to use these investments in the next 12 months. Long-term investments are recorded at fair value. The fair value of the pooled funds is determined based on year-end quoted market prices of the underlying assets in the pooled funds.

Other investments consist primarily of GIC's and other fixed income securities with maturities greater than 12 months. The stated interest rates for the other investments are 0.85% to 1.1% (2017 -1.65%) and maturity dates to October 2019 (2017 - to January 2022).

The pooled funds are comprised of the following asset classes:

	2018	2017
Fixed income	**53.16 %**	47.75 %
Balanced	**24.17 %**	11.19 %
Canadian equity	**12.06 %**	18.27 %
Global equity	**6.54 %**	21.14 %
Money market	**4.07 %**	1.65 %

(in thousands of dollars)

6. Intangible assets

		2018		2017
Cost	**$**	**1,619**	$	1,619
Accumulated amortization		**(400)**		(371)
	$	**1,219**	$	1,248

Camp Goodtimes:

The Society has an agreement with the University of British Columbia ("UBC") to provide the Society with access to the UBC Loon Lake Camp. The camp facilities house the camp programs for children and teens who are undergoing or who have undergone cancer treatment, along with their siblings and families. This agreement began in January 2004 and ends on December 31, 2055, with lump-sum payments by the Society totalling $1,619 and annual operating payments of $133 (2017 - $133) indexed for inflation in the future. Total lump-sum payments were capitalized and are amortized over the term of the agreement, subject to early termination rights by both parties. If this occurs, any unamortized amounts would be repaid to the Society.

7. Capital assets

						2018		2017
		Cost		Accumulated amortization		**Net book value**		Net book value
Land	$	4,310	$	-	**$**	**4,310**	$	4,310
Buildings		56,689		24,411		**32,278**		33,566
Furniture and fixtures		5,877		5,479		**398**		668
Office equipment		15,741		14,945		**796**		1,445
Art collection		20		-		**20**		20
Vehicles		633		509		**124**		92
Leasehold improvements		2,209		2,093		**116**		1,010
Construction in progress		105		-		**105**		101
	$	85,584	$	47,437	**$**	**38,147**	$	41,212

Construction in progress of $105 (2017 - $101) represents costs incurred to date on the construction of the British Columbia Cancer Prevention & Survivorship Centre, that is not available for use and therefore no amortization is being recorded.

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $173 (2017 - $38) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

(in thousands of dollars)

9. Deferred revenue

	Balance, beginning of year	Additions	Disbursements	Balance, end of year
Deferred revenue	$ 16,159	$ 12,650	$ (12,054)	$ 16,755

10. Credit facilities

The Society has entered into a credit facility agreement (the "Facility") with a Canadian chartered bank, used by the Society to issue letters of credit in support of its Ontario lotteries. The Facility has a maximum credit limit equal to $10,000 and drawings are secured by either cash or a guaranteed investment certificate held at the chartered bank. The Facility carries a fee of 0.45% per annum on any drawn amounts. As at January 31, 2018, the Society had no letters of credit outstanding.

11. Employee future benefit plans

(a) Defined benefit pension liability is as follows:

	2018	2017
Defined benefit obligation	**$ 134,898**	$ 134,809
Fair value of plan assets	**119,590**	111,912
Defined benefit pension liability	**$ 15,308**	$ 22,897

The employee future benefit plan liabilities are estimates, based on actuarial assumptions, of liabilities that will be settled over a long-term time horizon.

The Society is committed to providing full funding of the benefit plans and has put multiple strategies in place to reduce or limit the future costs and risks associated with the plans.

Plan assets include annuities which are accounted for on a non-settlement basis.

(b) Defined benefit liability for post-retirement benefits other than pensions

The plan for post-retirement benefits other than pensions is unfunded and therefore have no plan assets to report.

(in thousands of dollars)

12. Externally restricted fund

	Balance, beginning of year	Increase (decrease) in fund	Appropriations	**Balance, end of year**
Capital campaigns	$ 4,100	$ 3	$ -	**$ 4,103**
Endowments	6,708	435	(240)	**6,903**
	$ 10,808	$ 438	$ (240)	**$ 11,006**

13. Invested in capital assets

The amount invested in capital assets is computed as follows:

	2018	2017
Intangible assets (note 6)	**$ 1,219**	$ 1,248
Capital assets (note 7)	**38,147**	41,212
	$ 39,366	$ 42,460

14. Employee future benefits

The employee future benefits fund balance is computed as follows:

	2018	2017
Defined pension benefit liability (note 11(a)	**$ 15,308**	$ 22,897
Defined benefit liability for post-retirement benefits other than pensions (note 11 (b))	**27,088**	23,093
	$ 42,396	$ 45,990

(in thousands of dollars)

15. Internally restricted fund

The internally restricted fund is comprised of the following reserves:

	2018	2017
Research	**$ 3,500**	$ 3,653
Operating	**17,000**	17,000
Capital projects	**2,038**	2,038
	$ 22,538	$ 22,691

For the year ended January 31, 2018, appropriations amongst unrestricted and internally restricted funds were approved by the Board of Directors.

16. Allocation of expenses

Certain administrative expenses are allocated to fundraising and mission activities based on an estimate of staff time related to each area of activity.

The administrative expense which have been allocated have impacted the following expense categories:

	2018	2017
Programs	**$ 20,283**	$ 26,498
Research	**1,309**	1,698
Advocacy	**1,580**	2,116
Fundraising	**13,192**	19,540
	$ 36,364	$ 49,852

17. Commitments

The Society has entered into various agreements with approximate minimum aggregate annual commitments as follows:

(in thousands of dollars)

17. Commitments (continued)

	Premises	Equipment and other	Total
2018	$ 6,087	$ 123	$ 6,210
2019	6,228	69	6,297
2020	5,692	35	5,727
2021	4,743	35	4,778
2022	4,621	35	4,656
Thereafter	3,945	35	3,980
	$ 31,316	$ 332	$ 31,648

As at January 31, 2018, the Board of Directors has awarded research grants and program funding totalling $69,163 (2017 - $94,484), payment of which is expected to be made over the next five years, subject to future revenue and to certain performance conditions being met, as follows:

2019	$ 30,231
2020	19,686
2021	10,081
2022	7,429
2023	1,736
	$ 69,163

18. Lotteries

The Society conducts charitable lotteries in accordance with provincial regulations. The net proceeds are used by the Society for mission-related expenses. The financial results were as follows:

	2018	2017
Revenue	**$ 18,655**	$ 18,941
Expenses		
Prizes	**8,824**	8,870
Marketing and other	**5,619**	6,661
	14,443	15,531
	$ 4,212	$ 3,410

(in thousands of dollars)

19. Income from investments measured at fair value

Income earned is reported as follows:

		2018		2017
Net (decrease) increase in fair value of investments	$	**(872)**	$	330
Interest and dividends income		**2,399**		3,068
Realized gains		**2,065**		670
Total investment income	$	**3,592**	$	4,068

		2018		2017
Income earned on unrestricted funds				
- recognized in the operations fund	$	**3,238**	$	3304
Income earned on restricted funds				
- recognized in the restricted fund		**354**		764
Total investment income	$	**3,592**	$	4,068

20. Guarantees and contingencies

In the normal course of operations, the Society enters into agreements that meet the definition of a guarantee. The Society's primary guarantees are as follows:

(a) The Society purchases directors' and officers' insurance. The Society has indemnified its past, present and future directors, officers, trustees, employees, volunteers and members, who sit on any duly constituted committee of the Society, against expenses (including legal), judgements and any amount actually or reasonably incurred by them in connection with any wrongful act in which they are sued as a result of their service to the Society, if they acted honestly and in good faith with a view of the best interests of the Society.

The nature of these indemnification agreements prevents the Society from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of the liability, which stems from the unpredictability of future events and the unlimited coverage offered to third parties. Historically, the Society has not made any significant payments under such or similar indemnification agreements. At this time, the Society is not aware of any claims under these guarantees and, therefore, no amount has been accrued in the financial statements with respect to these guarantees.

The Society is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not materially affect the Society's financial position.

21. Related party transactions

During the fiscal year ended January 31, 2018, 1 member (2017 – 2) of the Board of Directors was a recipient of research funding through the Society's normal competitive research grant process. This included $270 (2017 - $640) for programs for which they are directly responsible and $98 (2017 - $260) for programs in which they participate.

22. Financial risks

Risk management relates to the understanding and active management of risks associated with all areas of the Society's activities and the associated operating environment. Investments are primarily exposed to interest rate, market, foreign currency, credit and liquidity risks. The Society has formal investment policies and procedures that establish target asset mix. The Society's policies also require diversification of investments within categories, and set limits on exposure to individual investments and credit quality.

(a) Interest rate risk

The Society is exposed to interest rate risk on its fixed interest rate financial instruments. The fair value of fixed income securities will generally increase if interest rates fall and decrease if interest rates rise. Changes in interest rates may also affect the fair value of equity securities. Further details about the fixed rate investments are included in notes 3 and 5. There has been no change to the risk exposure from 2017.

(b) Market risk

The risks associated with the pooled funds are the risks associated with the securities in which the pooled funds are invested. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The fair value of securities will vary with developments within the specific companies or governments which issue the securities. The Society manages this risk through controls to monitor and limit concentration levels. There has been no change to the risk exposure from 2017.

(c) Foreign currency risk

The fair value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. The Society's investment policies mitigates this risk by limiting concentration levels. There has been no change to the risk exposures from 2017.

(d) Credit risk

The Society is exposed to credit risk on its fixed income investments as a default by the bond issuer would cause a financial loss for the Society. The Society mitigates this risk by restricting fixed income investments to instruments with high quality credit ratings assigned by a well-recognized credit agency, and by limiting exposure to individual investments. There has been no change to the risk exposures since 2017.

(in thousands of dollars)

22. Financial risks (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet a demand for cash or fund its obligations as they come due. The Society meets its liquidity requirements by preparing and monitoring forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash. There has been no change to the risk exposures since 2017.

24. Change in non-cash operating working capital

Accounts receivable	$	(2,083)
Prepaid expenses		1,463
Accounts payable and accrued liabilities		(156)
Research grants payable		2,234
Deferred revenue		596
Other long-term liabilities		(3,415)
	$	(1,361)