



## Financial Statements

Canadian Cancer Society -  
Société Canadienne du Cancer

Year ended January 31, 2021

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 3
Statement of Financial Position	4
Statement of Financial Activities – Operations and Externally Restricted Funds	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 25

# Independent Auditor's Report

---

Grant Thornton LLP  
11th Floor  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4  
T +1 416 366 0100  
F +1 416 360 4949

## To the Members of Canadian Cancer Society - Société Canadienne du Cancer

### Qualified Opinion

We have audited the financial statements of Canadian Cancer Society – Société Canadienne du Cancer (CCS), which comprise the statement of financial position as at January 31, 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of CCS as at January 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, CCS derives revenue from fundraising activities, which includes individual donations, corporate and planned giving, 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 CCS. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the years ended January 31, 2021 and January 31, 2020, current assets as at January 31, 2021 and January 31, 2020, and net assets as at February 1, 2020 and February 1, 2019 and January 31, 2021 and January 31, 2020. Our audit opinion was modified accordingly because of the possible effects of this limitation in scope.

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 CCS in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 qualified opinion.

### Emphasis of Matter – Comparative Information

We draw attention to Note 1 to the financial statements which describes that CCS amalgamated with Prostate Cancer Canada on February 1, 2020. 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, 2020, 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 ended January 31, 2020 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

### **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 CCS'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 CCS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CCS'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.

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 CCS'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 CCS'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 CCS 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.

*Grant Thornton LLP*

Toronto, Canada  
June 25, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Canadian Cancer Society - Société Canadienne du Cancer

## Statement of Financial Position

(in thousands of dollars)

As at January 31

	2021	2020 (Unaudited)
<b>Assets</b>		
Current assets:		
Cash	\$ 63,186	\$ 68,480
Investments (note 3)	106,577	100,848
Accounts receivable	9,211	11,826
Prepaid expenses	2,305	2,822
	<b>181,279</b>	<b>183,976</b>
Intangible assets (note 4)	1,133	1,162
Capital assets (note 5)	53,948	40,541
	<b>\$ 236,360</b>	<b>\$ 225,679</b>
<b>Liabilities and Fund balances</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 13,483	\$ 13,543
Research grants payable	21,188	9,149
Deferred contributions (note 7)	34,212	33,622
	<b>68,883</b>	<b>56,314</b>
Defined benefit pension liability (note 9 (a))	12,657	15,433
Defined benefit liability for post-retirement benefits other than pensions (note 9 (b))	30,286	30,888
Other long-term liabilities	402	771
	<b>112,228</b>	<b>103,406</b>
Fund balances (deficit):		
Operations fund		
Invested in intangible and capital assets (note 11 (a))	55,081	41,703
Employee future benefits (note 11(b))	(42,943)	(46,321)
Internally restricted (note 11 (c))	71,298	75,320
Unrestricted	42,943	46,146
Externally restricted fund (note 10)	(2,247)	5,425
	<b>124,132</b>	<b>122,273</b>
	<b>\$ 236,360</b>	<b>\$ 225,679</b>

Commitments (note 13)

Guarantees and contingencies (note 16)

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## 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 fund		Externally restricted fund		Total	
	2021	2020	2021	2020	2021	2020
	(Unaudited)		(Unaudited)		(Unaudited)	
Revenue:						
Individual donations	\$ 71,394	\$ 117,780	\$ 979	\$ 453	\$ 72,373	\$ 118,233
Corporate	9,592	14,126	1	1	9,593	14,127
Planned giving	26,286	31,893	1	250	26,287	32,143
Lotteries (note 14)	9,150	10,460	-	-	9,150	10,460
Government sponsored projects and grants	12,866	12,404	5,200	-	18,066	12,404
COVID-19 related government assistance (note 21)	14,947	-	-	-	14,947	-
Investment income (note 15)	6,162	9,567	673	1,108	6,835	10,675
Other	2,477	5,874	6	-	2,483	5,874
	<b>152,874</b>	<b>202,104</b>	<b>6,860</b>	<b>1,812</b>	<b>159,734</b>	<b>203,916</b>
Expenses:						
Mission expenses:						
Programs	50,366	60,288	-	143	50,366	60,431
Research	46,796	50,991	5	5	46,801	50,996
Advocacy	2,963	3,629	-	-	2,963	3,629
	<b>100,125</b>	<b>114,908</b>	<b>5</b>	<b>148</b>	<b>100,130</b>	<b>115,056</b>
Fundraising	41,507	57,351	550	856	42,057	58,207
Lotteries (note 14)	6,178	7,109	-	-	6,178	7,109
Administration	9,329	13,322	1,309	1,537	10,638	14,859
	<b>157,139</b>	<b>192,690</b>	<b>1,864</b>	<b>2,541</b>	<b>159,003</b>	<b>195,231</b>
Excess (deficiency) of revenue over expenses	\$ (4,265)	\$ 9,414	\$ 4,996	\$ (729)	\$ 731	\$ 8,685

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

	Operations fund				Externally restricted fund			Total	Total
	Invested in intangible and capital assets	Employee future benefits	Internally restricted	Unrestricted	Externally restricted Centre for Cancer Prevention and Survivorship	Externally restricted other	2021	2020 (Unaudited)	
Fund balances (deficit), beginning of year (Unaudited)	\$ 41,703	\$ (46,321)	\$ 75,320	\$ 46,146	\$ (6,043)	\$ 11,468	\$ 122,273	\$ 122,888	
Excess (deficiency) of revenue over expenses	(2,354)	(1,526)	-	(385)	4,340	656	731	8,685	
Employee future benefits contributions	-	3,776	-	-	-	-	3,776	-	
Transfer of funds (notes 10 and 11 (c))	15,732	-	(4,022)	(2,818)	(12,218)	(450)	(3,776)	-	
Remeasurements and other items	-	1,128	-	-	-	-	1,128	(9,300)	
Fund balances (deficit), end of year	\$ 55,081	\$ (42,943)	\$ 71,298	\$ 42,943	\$ (13,921)	\$ 11,674	\$ 124,132	\$ 122,273	

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

	2021	2020 (Unaudited)
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 731	\$ 8,685
Non-cash items:		
Amortization of intangible assets	29	57
Amortization of capital assets	2,325	1,694
Gain on capital asset disposition		(1,343)
Defined benefit pension expense	741	741
Post-retirement benefits expense	785	984
Gain on investments	(2,966)	(6,183)
Employer defined benefit pension contributions	(2,389)	(2,430)
Employer post-retirement benefits contributions	(1,387)	(1,296)
Change in non-cash operating working capital (note 19)	15,332	13,847
	<b>13,201</b>	<b>14,756</b>
<b>Investing activities</b>		
Capital asset additions	(15,732)	(2,423)
Proceeds on sale of investments	333	-
Purchase of investments	(3,096)	(2,491)
Fund balance drawdown	-	(6,709)
	<b>(18,495)</b>	<b>(11,623)</b>
Increase (decrease) in cash	<b>(5,294)</b>	3,133
Cash, beginning of year	<b>68,480</b>	65,347
Cash, end of year	<b>\$ 63,186</b>	\$ 68,480

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

The Canadian Cancer Society - Société Canadienne du Cancer (CCS) is a national charity whose purpose is to unite and inspire all Canadians to take control of cancer. CCS strives to achieve this by working in trusted partnership with donors and volunteers to continuously improve impact through cancer research, advocacy and support services.

CCS is a registered charity incorporated under the Canada Not-for-profit Corporations Act (CNCA) as an organization without share capital and is exempt from income taxes provided certain requirements under the Income Tax Act (Canada) are met.

---

### 1. Amalgamation of CCS and Prostate Cancer Canada

On February 1, 2020, CCS amalgamated with the Prostate Cancer Canada (PCC) to increase operational efficiencies and further strengthen and support cancer research, education and the needs of Canadians and their families dealing with the disease. Operating as the CCS, the merger has allowed CCS to accelerate the impact of donor dollars on cancer research and vital support services for people living with and affected by cancer.

As of February 1, 2020, Canadian accounting standards for not-for-profit organizations did not provide explicit guidance for not-for-profit organizations (NPOs) on how to account for and report combinations of NPOs. However, on March 1, 2021, the Accounting Standards Board (AcSB) issued Handbook Section 4449 Combinations by not-for-profit organizations, effective for fiscal years beginning on or after January 1, 2022. The principles and guidance in Section 4449 have been adopted by CCS to determine the accounting, presentation and disclosure of the amalgamation as at February 1, 2020.

Under Section 4449, all criteria have been met for the amalgamation to be considered a merger.

The results for the year ended January 31, 2021 are those of the amalgamated entity from the date of the transaction, February 1, 2020. The unaudited comparative period was combined as if CCS and PCC had always been combined. Implementation of merger accounting required CCS to align accounting policies of PCC with those of CCS. The tables below demonstrate the impact of the combination on the comparative period and the related adjustments to the carrying amounts of the originating parties.

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

### 1. Amalgamation of CCS and Prostate Cancer Canada (continued)

#### Combined Statement of Financial Activities, Year ended January 31, 2020 (Unaudited):

	CCS	PCC	Adjustments	Total
Total revenue	\$ 187,648	\$ 12,602	\$ 3,666	\$ 203,916
Total expenses	176,455	16,903	1,873	195,231
Excess (deficiency) of revenue over expenses	\$ 11,193	\$ (4,301)	\$ 1,793	\$ 8,685

#### Combined Statement of Financial Position, as at January 31, 2020 (Unaudited):

	CCS	PCC	Adjustments	Total
Total assets	\$ 206,175	\$ 22,532	\$ (3,028)	\$ 225,679
Total liabilities	83,801	20,705	(1,100)	103,406
Fund balances				
Externally restricted	5,398	3,231	(3,204)	5,425
Invested in capital assets	41,656	-	47	41,703
Employee future benefits	(46,321)	-	-	(46,321)
Internally restricted	75,320	-	-	75,320
Unrestricted	46,321	(1,404)	1,229	46,146

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)  
Year ended January 31, 2021

---

### 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 (ASNPO).

(b) Fund accounting:

CCS 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 CCS's regular operations are reported as deferred contributions.

The operations fund reports all other activity and includes the following balances:

- (i) Invested in intangible and capital assets representing the net book value of all intangible and capital assets, less any related debt.
- (ii) Employee future benefits representing the defined benefit pension liability and the defined benefit liability for post-retirement benefits other than pensions.
- (iii) Internally restricted representing amounts that have been allocated for specific purposes by the Board of Directors.
- (iv) Unrestricted representing CCS's research, programs, advocacy, fundraising and administration activities not accounted for in other balances.

(c) 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. CCS has elected to carry its investments at fair value. Transaction costs incurred on the acquisition of financial instruments subsequently measured 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 CCS 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 CCS expects to realize by exercising its right to any collateral.

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

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

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)  
Year ended January 31, 2021

---

### 2. Significant accounting policies (continued)

(d) Intangible assets:

Intangible assets consist of lump-sum payments pertaining to an agreement that began in January of 2004 which were capitalized and are being amortized over the term of the agreement, subject to early termination rights by both parties.

(e) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. When conditions indicate a capital asset no longer contributes to CCS's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement cost.

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 - 5 years
Vehicles	3 years
Leasehold improvements	Lesser of lease term and useful life

---

Construction and work in progress will be transferred to the appropriate capital asset category upon completion and amortized based on the appropriate useful life. Art collections are not amortized.

(f) Research grants payable:

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 position reflects only that portion of grants payable during the current fiscal year.

Research grants payable represents amounts payable according to contractually agreed payment schedules. Payment is released upon receipt of financial reports, various certificates and actual invoices for equipment purchased from the various grantee institutions.

(g) Deferred contributions:

Deferred contributions represent the deferred portion of government-sponsored projects, designated bequests and funds received for specific projects for which no corresponding restricted fund exists and are recognized as revenue when the related expenses are incurred.

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

### 2. Significant accounting policies (continued)

(h) Employee future benefits:

(i) Pension plan:

CCS maintains a registered pension plan with a defined benefit component and a defined contribution component, which covers substantially all employees of CCS. 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.

CCS 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.

CCS 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 financial statements were prepared using a projection of the December 31, 2019 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:

CCS 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 CCS after January 1, 2007 are not eligible for this benefit plan. The post-retirement benefit plan is unfunded.

CCS accrues its obligations under the post-retirement benefit plan as the employees render the services necessary to earn the post-retirement benefits. CCS 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 financial statements were prepared using a projection of the January 31, 2019 valuation.

CCS 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.

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

### 2. Significant accounting policies (continued)

(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.

Investment income is recognized on an accrual basis. Changes in fair value, of investments subsequently measured at fair value, are included in investment income in the statement of financial activities.

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

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

Revenue from lotteries is recognized upon completion of the lottery.

CCS recognizes government assistance towards current expenses in the statement of financial activities when received or receivable. When government assistance relates to future expenses, CCS defers the assistance and recognizes it in the operations fund in the statement of financial activities as the related expenses are incurred.

(ii) Expenses:

Expenses are charged to mission priorities, which include programs, research, 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 (note 12). A policy exists that enforces the annual review and approval of the basis of allocation for all expenses. The basis of allocation may be revised according to circumstances prevailing at any given time.

- 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,

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

### 2. Significant accounting policies (continued)

(i) Revenue and expenses (continued):

(ii) Expenses (continued)

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 CCS's mission. Fundraising expenses include costs related to the lotteries, which are costs related to prizes awarded, marketing and other expenses.
- Administration expenses are incurred to operate CCS and its programs in a cost-effective manner while maximizing all opportunities to further CCS's mission. These include expenses related to human resources, information technology, facilities, finance and corporate governance activities, such as strategic planning, compliance and regulatory reporting, and financial planning.

(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.

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



---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)  
Year ended January 31, 2021

---

### 2. Significant accounting policies (continued)

(k) 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 carrying amount of intangible and capital assets, employee future benefits and allocation of expenses. Actual results could differ from those estimates.

---

### 3. Investments

	2021	2020 (Unaudited)
Pooled funds	\$ 101,109	\$ 95,047
Other investments	5,468	5,801
	<b>\$ 106,577</b>	<b>\$ 100,848</b>

---

Investments have been placed in an independently managed portfolio of pooled funds, which can be promptly liquidated if required. Pooled fund 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, which mature or are redeemable at various dates not exceeding 12 months and have stated interest rates varying from 0.50% to 1.55% (2020 1.15% to 1.70%).

The pooled funds comprise the following asset classes:

	2021	2020 (Unaudited)
Fixed income	59.24 %	59.76 %
Canadian equity	19.36 %	18.64 %
Global equity	13.11 %	13.10 %
Money market	8.29 %	8.50 %

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

### 4. Intangible assets

	2021	2020 (Unaudited)
Cost	\$ 1,619	\$ 1,619
Accumulated amortization	(486)	(457)
	<b>\$ 1,133</b>	<b>\$ 1,162</b>

#### Camp Goodtimes:

CCS has an agreement with the University of British Columbia (UBC) to provide CCS 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 CCS totalling \$1,619 and annual operating payments of \$Nil (2020 - \$139) indexed for inflation in the future. During the year ended January 31, 2021, the camp was closed due to COVID-19. 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 CCS.

### 5. Capital assets

	2021		2020 (Unaudited)	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 4,012	\$ -	\$ 4,012	\$ 4,012
Buildings	48,935	25,390	23,545	24,442
Furniture and fixtures	7,050	6,301	749	506
Office equipment	21,319	16,554	4,765	680
Art collection	20	-	20	20
Vehicles	653	640	13	21
Leasehold improvements	2,382	2,216	166	73
Construction in progress	20,440	-	20,440	7,954
Work in progress	238	-	238	2,833
	<b>\$ 105,049</b>	<b>\$ 51,101</b>	<b>\$ 53,948</b>	<b>\$ 40,541</b>

In 2018, the Board of Directors of CCS approved a project to develop the Centre for Cancer Prevention and Survivorship (CCPS), which will be a nationwide centre of excellence conducting research and developing programming in the areas of cancer prevention and survivorship. CCPS, which is currently under construction, will be based in Vancouver and its construction is being funded in part by the Government of British Columbia, which has committed \$10,000, contingent upon the achievement of certain building milestones.

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)  
Year ended January 31, 2021

---

### 5. Capital assets (continued)

Construction in progress of \$20,440 (2020 - \$7,954) relates to costs incurred on the construction of CCPS. Work in progress of \$238 (2020 - \$2,833) relates to costs incurred on website upgrades to be launched in the new year. These assets are not available for use and therefore no amortization is being recorded.

---

### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$155 (2020 - \$129) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

---

### 7. Deferred contributions

	2021	2020 (Unaudited)
Balance, beginning of the year	\$ 33,622	\$ 19,268
Amounts received or receivable	20,229	27,946
Revenue recognized in the year	<b>(19,639)</b>	(13,592)
Balance, end of the year	<b>\$ 34,212</b>	\$ 33,622

---

### 8. Credit facilities

CCS has entered into a credit facility agreement (the Facility) with a Canadian chartered bank, used by CCS 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, 2021, CCS had letters of credit in the amount of \$219 (2020 - \$Nil) outstanding.

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

### 9. Employee future benefit plans

(a) Defined benefit pension liability is as follows:

	Registered plan	Non-registered plan	2021	2020 (Unaudited)
Defined benefit obligation	\$ 141,401	\$ 3,367	\$ <b>144,768</b>	\$ 148,547
Fair value of plan assets	132,111	-	<b>132,111</b>	133,114
Defined benefit pension liability	\$ 9,290	\$ 3,367	\$ <b>12,657</b>	\$ 15,433

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 discount rate assumption used in determining the defined benefit obligation for pension plans is selected based on a review of current market interest rates of high-quality corporate bonds with cash flows that match the timing and amount of expected benefit payments. There were no significant changes in the discount rate applied during the years ended January 31, 2021 or 2020.

CCS 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 at the present value of future cash flows discounted based on certain assumptions.

The most recent actuarial valuation of the defined benefit components of the pension plan and the non-registered supplemental pension plan was as of December 31, 2019, and the next required valuation will be as of December 31, 2022.

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

The plan for post-retirement benefits other than pensions is unfunded and therefore, has no plan assets to report. The discount rate assumption used in determining the defined benefit obligation for post-retirement benefits other than pensions is selected based on a review of current market interest rates of high-quality corporate bonds with cash flows that match the timing and amount of expected benefit payments. There were no significant changes in the discount rate applied during the years ended January 31, 2021 or 2020.

The most recent actuarial valuation of the post-retirement benefit plan was as of January 31, 2019, and the next required valuation will be as of January 31, 2022.

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

### 10. Externally restricted fund

	Centre for Cancer Prevention and Survivorship	Other Capital Campaigns	Endowments	2021	2020 (Unaudited)
Balance, beginning of the year	\$ (6,043)	\$ 2,225	\$ 9,243	\$ 5,425	\$ 16,993
Contributions	4,340	63	593	4,996	(4,408)
Transfers	(12,218)	-	(450)	(12,668)	(7,160)
Balance, end of the year	\$ (13,921)	\$ 2,288	\$ 9,386	\$ (2,247)	\$ 5,425

The Centre for Cancer Prevention and Survivorship is expected to receive future funding to offset the capital costs incurred to date.

### 11. Operations fund

#### a) Invested in intangible and capital assets

The amount invested in intangible and capital assets comprises the following amounts:

	2021	2020 (Unaudited)
Intangible assets (note 4)	\$ 1,133	\$ 1,162
Capital assets (note 5)	53,948	40,541
	\$ 55,081	\$ 41,703

#### b) Employee future benefits

The employee future benefits balance comprises the following amounts:

	2021	2020 (Unaudited)
Defined benefit pension liability (note 9(a))	\$ (12,657)	\$ (15,433)
Defined benefit liability for post-retirement benefits other than pensions (note 9 (b))	(30,286)	(30,888)
	\$ (42,943)	\$ (46,321)

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

### 11. Operations fund (continued)

c) Internally restricted

The internally restricted balance comprises the following reserves:

	Balance, beginning of year (unaudited)	Increase (decrease) in fund	Balance, end of year
Research	\$ 1,268	\$ (1,018)	\$ 250
Operating	40,787	(2,178)	38,609
Capital projects	33,265	(826)	32,439
	\$ 75,320	\$ (4,022)	\$ 71,298

During the year, \$4,022 was transferred from the internally restricted balance to the unrestricted balance to fund ongoing operations and capital purchases.

### 12. Allocation of expenses

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

The administrative expenses which have been allocated impact the following expense categories:

	2021	2020 (Unaudited)
Programs	\$ 21,749	\$ 26,159
Research	1,047	847
Advocacy	1,355	1,413
Fundraising	10,338	11,375
	\$ 34,489	\$ 39,794

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)  
Year ended January 31, 2021

### 13. Commitments

CCS has entered into various agreements with minimum aggregate annual commitments as follows:

	Premises	Equipment and other	Total
2022	\$ 5,529	\$ 48	\$ 5,577
2023	5,248	29	5,277
2024	3,669	21	3,690
2025	1,150	6	1,156
2026	515	-	515
Thereafter	460	-	460
	\$ 16,571	\$ 104	\$ 16,675

In addition, as at January 31, 2021, CCS has awarded research grants and program funding totalling \$40,958 (2020 - \$58,262), payment of which is expected to be made over the next four years, subject to future revenue and to certain performance conditions being met, as follows:

2022	\$ 13,975
2023	14,807
2024	8,063
2025	3,882
Thereafter	231
	\$ 40,958

### 14. Lotteries

CCS conducts charitable lotteries in accordance with provincial regulations. The net proceeds are used by CCS for mission-related expenses. During the fiscal year ended January 31, 2021, 2 lottery programs (2020 - 2) were held in Ontario. The financial results were as follows:

	2021	2020 (Unaudited)
Revenue	\$ 9,150	\$ 10,460
Expenses		
Prizes	3,931	4,423
Marketing and other	2,247	2,686
	6,178	7,109
	\$ 2,972	\$ 3,351

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

### 15. Income from investments measured at fair value

Income earned is reported as follows:

	2021	2020 (Unaudited)
Unrealized gains	\$ 2,638	\$ 3,668
Interest and dividends income	3,873	4,482
Realized gains	324	2,525
<b>Total investment income</b>	<b>\$ 6,835</b>	<b>\$ 10,675</b>

	2021	2020 (Unaudited)
Income earned on unrestricted funds		
- recognized in the operations fund	\$ 6,162	\$ 9,567
Income earned on restricted funds		
- recognized in the externally restricted fund	673	1,108
<b>Total investment income</b>	<b>\$ 6,835</b>	<b>\$ 10,675</b>

---

### 16. Guarantees and contingencies

CCS purchases directors' and officers' insurance. CCS has indemnified its past, present and future directors, officers, trustees, employees, volunteers and members, who sit on any duly constituted committee of CCS, 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 CCS, if they acted honestly and in good faith with a view of the best interests of CCS.

The nature of these indemnification agreements prevents CCS 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, CCS has not made any significant payments under such or similar indemnification agreements. At this time, CCS 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.

CCS 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 CCS's financial position.



---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

### 17. Related party transactions

During the fiscal year ended January 31, 2021, 1 member (2020 – 1) of the Board of Directors was a recipient of research funding through CCS's normal competitive research grant process. This included \$250 (2020 - \$250) for programs for which they are directly responsible and \$500 (2020 - \$500) for programs in which they participate.

---

### 18. Financial risks

Risk management relates to the understanding and active management of risks associated with all areas of CCS's activities and the associated operating environment. CCS is primarily exposed to the following financial risks: interest rate, market, foreign currency, credit and liquidity risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in the market interest rate. CCS's credit facility agreement bears interest at a fixed rate. CCS's short-term deposits and a portion of investments bear interest at various fixed rates and therefore are subject to fair value interest rate risk. CCS's other financial instruments are non-interest bearing and as such interest rate risk is minimal. There has been no change to the risk exposure from 2020.

(b) Market risk

Market risk is the risk that 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. CCS's investment in pooled funds are subject to market risk as a result of the securities in which the pooled funds are invested. CCS manages this risk through controls to monitor and limit concentration levels. There has been no change to the risk exposure from 2020.

(c) Foreign currency risk

Foreign currency risk is the risk that 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. CCS's investment policies mitigate this risk by limiting concentration levels. There has been no change to the risk exposures from 2020.

(d) Credit risk

Credit risk arises from the potential that the counterparty will fail to discharge its obligations. CCS is exposed to credit risk on its fixed income investments as a default by the bond issuer would cause a financial loss for CCS. CCS 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 2020. CCS does not consider credit risk on its accounts receivable to be significant given the nature of CCS's sources of revenue.

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)  
Year ended January 31, 2021

---

### 18. Financial risks (continued)

#### (e) Liquidity risk

Liquidity risk is the risk that CCS will not be able to meet a demand for cash or fund its obligations as they come due. CCS 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 2020.

---

### 19. Change in non-cash operating working capital

	2021	2020 (Unaudited)
Accounts receivable	\$ 2,615	\$ 3,378
Prepaid expenses	517	(337)
Accounts payable and accrued liabilities	(60)	7,012
Research grants payable	12,039	(4,636)
Deferred contributions	590	14,353
Other long-term liabilities	(369)	(5,923)
	<b>\$ 15,332</b>	<b>\$ 13,847</b>

---

### 20. Comparative figures

Comparative figures have been adjusted to conform to the current year presentation.

---

# Canadian Cancer Society - Société Canadienne du Cancer

## Notes to the Financial Statements

(in thousands of dollars)

Year ended January 31, 2021

---

### 21. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic (the pandemic) as a result of the spread of COVID-19. Since that time, the pandemic has severely impacted local economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of COVID-19, including travel bans, quarantines, physical distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in a widespread economic slowdown. Governments and central banks have responded with monetary and fiscal interventions in an attempt to stabilize economic conditions. CCS has been active in monitoring and assessing the impact of the pandemic on operations and has taken necessary steps to reduce expenditures where appropriate, including the application for and receipt of federal government wage subsidies of \$14,646.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their potential impact on the financial position and results of CCS for future periods. CCS has taken the necessary steps to ensure that it is able to continue its operations while complying with government regulations and ensuring the safety of its employees. CCS is committed to adjusting operations as required to ensure the sustainability of CCS in its pursuit of its mandate.

---