

Financial Statements

Gilda's Club Simcoe Muskoka

December 31, 2018

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Independent Auditor's Report

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To the Board of Directors of
Gilda's Club Simcoe Muskoka

Qualified opinion

We have audited the financial statements of Gilda's Club Simcoe Muskoka ("the Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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 the Organization as at December 31, 2018, 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, the Organization derives revenue from donations and fundraising activities, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and December 31, 2017, current assets as at December 31, 2018 and December 31, 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2018 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 the Organization 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

Independent Auditor's Report (continued)

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Barrie, Canada
April 18, 2019

Chartered Professional Accountants
Licensed Public Accountants

Gilda's Club Simcoe Muskoka

Statement of Operations

Year ended December 31

| | 2018 | 2017 |
|--|------------------|------------------|
| Revenues | | |
| Donations | \$ 279,496 | \$ 343,809 |
| Events | 400,441 | 381,629 |
| Grants | 46,197 | 80,403 |
| Miscellaneous | <u>13,654</u> | <u>29,020</u> |
| | <u>739,788</u> | <u>834,861</u> |
| Expenditures | | |
| Program expenses | 297,505 | 288,262 |
| Administrative support | 159,134 | 161,819 |
| Facilities | 123,995 | 151,564 |
| Miscellaneous | <u>59,726</u> | <u>44,823</u> |
| | <u>640,360</u> | <u>646,468</u> |
| Excess of revenues over expenditures from operations | 99,428 | 188,393 |
| Amortization of capital assets | (77,457) | (79,134) |
| Amortization of deferred capital contributions | <u>72,991</u> | <u>72,991</u> |
| Excess of revenues over expenditures for the year | \$ 94,962 | \$ 182,250 |
| Transfer to It's Always Something Fund (Page 4) | <u>(49,475)</u> | <u>(150,525)</u> |
| Excess of revenue over expenditures after transfer to It's Always Something Fund | <u>\$ 45,487</u> | <u>\$ 31,725</u> |

Gilda's Club Simcoe Muskoka

Statement of Changes in Net Assets

Year ended December 31

2018

| | Invested in capital assets | It's Always Something Fund | Unrestricted | Total |
|---|-------------------------------|----------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 31,369 | \$ 250,525 | \$ 105,054 | \$ 386,948 |
| (Deficiency) excess of revenues over expenditures | (4,466) | - | 99,428 | 94,962 |
| Transfer to deferred internally restricted contributions | - | 49,475 | (49,475) | - |
| Net capital expenditures | <u>1,036</u> | <u>-</u> | <u>(1,036)</u> | <u>-</u> |
| Balance, end of year | <u>\$ 27,939</u> | <u>\$ 300,000</u> | <u>\$ 153,971</u> | <u>\$ 481,910</u> |

2017

| | Invested in capital assets | It's Always Something Fund | Unrestricted | Total |
|---|-------------------------------|----------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 34,294 | \$ 100,000 | \$ 70,404 | \$ 204,698 |
| (Deficiency) excess of revenues over expenditures | (6,143) | - | 188,393 | 182,250 |
| Transfer from deferred internally restricted contributions | - | 150,525 | (150,525) | - |
| Net capital expenditures | <u>3,218</u> | <u>-</u> | <u>(3,218)</u> | <u>-</u> |
| Balance, end of year | <u>\$ 31,369</u> | <u>\$ 250,525</u> | <u>\$ 105,054</u> | <u>\$ 386,948</u> |

Gilda's Club Simcoe Muskoka

Statement of Financial Position

December 31

2018

2017

Assets

Current

| | | |
|------------------------------------|----------------|----------------|
| Cash and cash equivalents (Note 3) | \$ 355,127 | \$ 352,930 |
| Accounts receivable | 6,814 | 7,486 |
| Inventories | 2,446 | 2,875 |
| Prepaid expenses | 6,306 | 4,848 |
| Short term investments (Note 4) | 107,092 | 41,801 |
| Harmonized sales tax receivable | 3,063 | 4,911 |
| | <u>480,848</u> | <u>414,851</u> |

Long-term

| | | |
|-------------------------|---------------------|---------------------|
| Capital assets (Note 5) | <u>1,214,773</u> | <u>1,291,194</u> |
| | <u>\$ 1,695,621</u> | <u>\$ 1,706,045</u> |

Liabilities

Current

| | | |
|--|-----------|-----------|
| Accounts payable and accrued liabilities | \$ 26,877 | \$ 30,825 |
|--|-----------|-----------|

Long-term

| | | |
|---|------------------|------------------|
| Deferred capital contributions (Note 6) | 1,186,834 | 1,259,825 |
| Deferred revenue (Note 7) | - | 28,447 |
| | <u>1,186,834</u> | <u>1,288,272</u> |
| | <u>1,213,711</u> | <u>1,319,097</u> |

Net assets (Page 4)

Internally restricted

| | | |
|------------------------------|----------------|----------------|
| - Invested in capital assets | 27,939 | 31,369 |
| - It's Always Something Fund | 300,000 | 250,525 |
| Unrestricted | <u>153,971</u> | <u>105,054</u> |

| | | |
|--|---------------------|---------------------|
| | <u>481,910</u> | <u>386,948</u> |
| | <u>\$ 1,695,621</u> | <u>\$ 1,706,045</u> |

On behalf of the board

Director

Director

Gilda's Club Simcoe Muskoka

Statement of Cash Flows

Year ended December 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating

| | | |
|--|-----------|------------|
| Excess of revenues over expenditures | \$ 94,962 | \$ 182,250 |
| Items not affecting cash | | |
| Amortization of capital assets | 77,457 | 79,134 |
| Amortization of deferred capital contributions | (72,991) | (72,991) |

| | | |
|---|----------|---------|
| | 99,428 | 188,393 |
| Change in non-cash working capital items (Note 8) | (96,195) | 14,228 |

3,233 202,621

Investing

| | | |
|----------------------------|---------|---------|
| Purchase of capital assets | (1,036) | (3,218) |
|----------------------------|---------|---------|

Increase in cash and cash equivalents 2,197 199,403

Cash and cash equivalents

Beginning of year 352,930 153,527

End of year \$ 355,127 \$ 352,930

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

1. Nature of operations

The Organization operates as a non-profit organization incorporated without share capital under the laws of Ontario. The Organization maintains a facility where men, women and children who are living with cancer, along with their family and friends, can join with others to build social and emotional support to complement their medical care. The facility is non-residential and free of charge. The Organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

2. Significant accounting policies

The Organization applies the Canadian accounting standards for not-for-profit organizations.

Basis of presentation

These financial statements have been prepared and are presented in accordance with the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Fund accounting

The Organization follows fund accounting to account for and report on the separate activities or objectives as determined by resolution of the Board of Directors (hereinafter the "Board"). For financial statement purposes, the funds have been grouped into the following categories:

Unrestricted fund:

The unrestricted fund is available for general purposes and reflects the transactions associated with program delivery and administrative activities of the Organization.

Internally restricted funds:

(i) Invested in capital assets

Assets, liabilities, revenues and expenses relating to the Organization's capital assets are reported in Invested in capital assets.

(ii) Its Always Something Fund

The Organization maintains the It's Always Something Fund to cover operating shortfalls in future years. Funds are transferred to and from this fund based on the operations of the Organization during the year.

Fund transfers

The Board approves fund transfers to the internally restricted funds for the specific purposes as described above. The internally restricted net assets are not available for other purposes without the approval of the Board.

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of overdrafts, and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Short term investments

Short term investments include short term deposits with original maturities of over three months and under one year.

Inventories

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the FIFO method.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization, based on the estimated useful life of the asset, is calculated on the straight line basis as follows:

| | |
|------------------------|-----------|
| Buildings and facility | 25 years |
| Office equipment | 3 years |
| Furniture and fixtures | 3-5 years |
| Landscape improvements | 5 years |
| Computer hardware | 3 years |
| Computer software | 3 years |

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the years in which the related expenses are recognized.

Donated investments are sold on receipt and recognized as revenue at a value equal to the proceeds received on the sale.

Deferred capital contributions

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. Amortization is provided on a basis is consistent with the capital asset for which the contributions were received.

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Donated services

The Organization is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Organization and because of the difficulty in estimating their fair value, these services are not recorded in these financial statements.

Financial instruments

Initial measurement

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the Organization's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, harmonized sales tax receivable, accounts payable and accrued liabilities, deferred capital contributions and deferred revenue.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

3. Cash and cash equivalents

| | <u>2018</u> | <u>2017</u> |
|---------------------|-------------------|-------------------|
| Cash - unrestricted | \$ 182,126 | \$ 252,812 |
| Cash - restricted | 1,992 | 4,725 |
| Term deposits | <u>171,009</u> | <u>95,393</u> |
| | <u>\$ 355,127</u> | <u>\$ 352,930</u> |

The term deposits bear interest at rates ranging from 1.55% to 1.75%. Maturity dates on the term deposits range from January 2019 to March 2019.

4. Short term investments

| <u>2018</u> | <u>2017</u> |
|-------------------|------------------|
| <u>\$ 107,092</u> | <u>\$ 41,801</u> |

The short term investments bear interest at rates varying from 1.75% to 2.10%. Maturity dates on the short term investments range from May 2019 to October 2019.

5. Capital assets

| | <u>2018</u> | <u>2017</u> |
|------------------------|--------------------------|-----------------------|
| | <u>Net Book Value</u> | <u>Net Book Value</u> |
| Cost | Accumulated Amortization | |
| Buildings and facility | \$ 1,854,606 | \$ 642,857 |
| Office equipment | 23,629 | 23,629 |
| Furniture and fixtures | 153,794 | 153,794 |
| Landscape improvements | 15,382 | 14,537 |
| Computer hardware | 36,281 | 34,102 |
| Computer software | 24,167 | 24,167 |
| | <u>\$ 2,107,859</u> | <u>\$ 893,086</u> |
| | <u>\$ 1,214,773</u> | <u>\$ 1,291,194</u> |

During the year, amortization of \$77,457 (2017 - \$79,134) was recorded.

6. Deferred capital contributions

| | <u>2018</u> | <u>2017</u> |
|------------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 1,259,825 | \$ 1,332,816 |
| Amounts amortized to revenue | <u>(72,991)</u> | <u>(72,991)</u> |
| | <u>\$ 1,186,834</u> | <u>\$ 1,259,825</u> |

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

| 7. Deferred revenue | 2018 | 2017 |
|--|-------------|-------------|
| <i>Trillium Fund - Ontario Community Grant</i> | | |
| Balance, beginning of year | \$ 23,697 | \$ - |
| Amounts received during the year | - | 31,600 |
| Amounts recognized as revenue during the year | (23,697) | (7,903) |
| Balance, end of year | \$ - | \$ 23,697 |
| <i>Other</i> | | |
| Balance, beginning of year | \$ 4,750 | \$ - |
| Amounts received during the year | - | 4,750 |
| Amounts recognized as revenue during the year | (4,750) | - |
| Balance, end of year | \$ - | \$ 4,750 |
| Total deferred revenue | \$ - | \$ 28,447 |
| 8. Change in non-cash working capital items | 2018 | 2017 |
| Accounts receivable | \$ 672 | \$ (3,676) |
| Inventories | 429 | (1,696) |
| Prepaid expenses | (1,458) | 180 |
| Short term investments | (65,291) | (342) |
| Harmonized sales tax | 1,848 | (1,860) |
| Accounts payable and accrued liabilities | (3,948) | (6,825) |
| Deferred revenue | (28,447) | 28,447 |
| | \$ (96,195) | \$ 14,228 |

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

9. Financial instruments

The Organization's main financial instrument risk exposure is detailed as follows:

(a) Credit risk

The Organization has determined that the financial assets with credit risk exposure are accounts receivable since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization. The Organization is also exposed to concentration risk in that all of its cash is held with one financial institution.

(b) Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to its accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk with respect to its term deposits and mutual funds.

During the year, there were no changes to the Organization's exposure to financial instrument risks.

10. Commitments

The Organization has entered into a lease agreement for the land where the Organization's facility is situated. The lease began January 1, 2009 and extends over a period of 21 years. The annual rent under the terms of the lease is \$50,240 and is subject to an annual adjustment for inflation.

The Organization has also entered into a lease agreement for a photocopier. The lease began October 1, 2015 and extends over a period of 60 months, expiring September 1, 2020. The quarterly lease payment is \$420 plus HST.

11. Government assistance

During the year, the Organization received \$9,017 (2017 - \$10,432) of government assistance relating to the summer employment of students. These amounts have been recorded as a reduction to wages and benefits.

Gilda's Club Simcoe Muskoka

Notes to the Financial Statements

December 31, 2018

12. Capital disclosures

The Organization's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to its stakeholders. The Organization manages the net assets in proportion to risks, manages its capital structure and makes adjustments in light of economic conditions and the risk characteristics of the underlying assets.
