
Financial statements of
Cancer Research Society /
Société de recherche sur le cancer

August 31, 2024

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Independent Auditor's Report

To the Members of
Cancer Research Society / Société de recherche sur le cancer

Opinion

We have audited the financial statements of Cancer Research Society / Société de recherche sur le cancer (the "Society"), which comprise the statement of financial position as at August 31, 2024, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at August 31, 2024, 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 ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Society 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 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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Society'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 GAAS 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 GAAS, 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 Society'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 Society'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 Society 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.

Deloitte LLP

December 6, 2024

¹ CPA auditor, public accountancy permit No. A120628

Cancer Research Society / Société de recherche sur le cancer
Statement of operations
Year ended August 31, 2024

	2024			2023		
	General Fund	Restricted Funds	Total	General Fund	Restricted Funds	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Annual campaigns	24,789,287	—	24,789,287	23,653,230	—	23,653,230
Major and planned gifts	2,541,893	188,438	2,730,331	2,734,459	47,789	2,782,248
Fundraising events and other	3,216,063	260,292	3,476,355	3,617,013	425,205	4,042,218
Contributions to research	—	2,366,667	2,366,667	—	2,239,103	2,239,103
Realized investment income	3,230,570	89,546	3,320,116	2,024,063	70,455	2,094,518
Change in unrealized fair value of investments	4,048,097	—	4,048,097	2,597,439	—	2,597,439
	37,825,910	2,904,943	40,730,853	34,626,204	2,782,552	37,408,757
Expenses						
Annual campaigns	13,754,663	—	13,754,663	12,694,047	—	12,694,047
Major and planned gifts	227,806	—	227,806	206,141	—	206,141
Fundraising events and other	1,797,971	—	1,797,971	1,767,629	69,404	1,837,033
Administration	1,566,536	—	1,566,536	1,511,692	—	1,511,692
Amortization of property, equipment and software	53,849	—	53,849	53,517	—	53,517
	17,400,825	—	17,400,825	16,233,026	69,404	16,302,430
Excess of revenue over expenses before research grants and fellowships	20,425,085	2,904,943	23,330,028	18,393,178	2,713,148	21,106,327
Research grants and fellowships (including related administrative expenses of \$671,001; \$593,409 in 2023)	11,459,559	3,871,961	15,331,520	8,970,817	4,312,276	13,283,093
Excess (deficiency) of revenue over expenses	8,965,526	(967,018)	7,998,508	9,422,361	(1,599,128)	7,823,234

The accompanying notes are an integral part of the financial statements.

Cancer Research Society / Société de recherche sur le cancer
Statement of changes in fund balances
Year ended August 31, 2024

	Invested in property, equipment and software	Endowment	Externally restricted	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$	\$	\$
Fund balances as at September 1, 2022	275,378	222,966	6,403,155	—	43,824,051	50,725,550
Excess (deficiency) of revenue over expenses	(53,517)*	359	(958,433)	(641,054)	9,475,878	7,823,233
Purchase of property, equipment and software	19,633	—	—	—	(19,633)	—
Interfund transfers**	—	—	—	641,054	(641,054)	—
Fund balances as at August 31, 2023	241,494	223,325	5,444,722	—	52,639,242	58,548,783
Excess (deficiency) of revenue over expenses	(53,849)*	562	790,851	(1,758,431)	9,019,375	7,998,508
Purchase of property, equipment and software	25,832	—	—	—	(25,832)	—
Interfund transfers**	—	—	—	1,758,431	(1,758,431)	—
Fund balances as at August 31, 2024	213,477	223,887	6,235,573	—	59,874,354	66,547,291

* Amortization of property, equipment and software.

** The interfund transfers correspond to internal restrictions made during the year.

The accompanying notes are an integral part of the financial statements.

Cancer Research Society / Société de recherche sur le cancer

Statement of financial position

As at August 31, 2024

		2024			2023	
Notes		General Fund	Restricted Funds	Total	Total	
		\$	\$	\$	\$	
Assets						
Current assets						
		Cash	2,196,022	—	2,196,022	6,714,672
		Accounts receivable	103,939	—	103,939	60,905
		Amounts due by the General Fund	—	6,459,460*	—	—
		Prepaid expenses	226,939	—	226,939	214,547
	3	Investments	7,000,000	—	7,000,000	5,000,000
		Other assets	83,374	—	83,374	118,076
			9,610,274	6,459,460	9,610,274	12,108,200
	3	Investments	59,778,963	—	59,778,963	49,023,143
	4	Property, equipment and software	213,477	—	213,477	241,494
			69,602,714	6,459,460	69,602,714	61,372,837
Liabilities						
Current liabilities						
		Accounts payable and accrued liabilities	2,070,758	—	2,070,758	2,067,350
		Amounts due to the Restricted Funds	6,459,460*	—	—	—
	5	Deferred contributions	926,072	—	926,072	681,760
			9,456,290	—	2,996,830	2,749,110
		Lease inducement	58,593	—	58,593	74,944
			9,514,883	—	3,055,423	2,824,054
	10	Commitments				
Fund balances						
		Invested in property, equipment and software	213,477	—	213,477	241,494
		Endowment	—	223,887	223,887	223,325
		Externally restricted	—	6,235,573	6,235,573	5,444,722
		Unrestricted	59,874,354	—	59,874,354	52,639,242
			60,087,831	6,459,460	66,547,291	58,548,783
			69,602,714	6,459,460	69,602,714	61,372,837

* These items are not presented in the total column because they offset each other. The accompanying notes are an integral part of the financial statements.

Approved by the Board

_____, Christian Paupe, Director

_____, Marie Valcourt, Director

Cancer Research Society / Société de recherche sur le cancer**Statement of cash flows**

Year ended August 31, 2024

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	7,998,508	7,823,234
Adjustments for:		
Gain on disposal of investments	(1,499,912)	(1,034,922)
Change in unrealized fair value of investments	(4,048,097)	(2,597,439)
Donations in investments	(294,964)	(116,838)
Amortization of property, equipment and software	53,849	53,517
Amortization of lease inducement	(16,351)	(16,352)
	2,193,033	4,111,200
Changes in non-cash operating working capital items		
(Increase) decrease in:		
Accounts receivable	(43,034)	215,341
Prepaid expenses	(12,392)	79,510
Other assets	34,702	(10,326)
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,408	1,280,295
Deferred contributions	244,312	(773,116)
	226,996	791,704
	2,420,029	4,902,904
Investing activities		
Purchase of investments	(36,093,080)	(30,018,374)
Proceeds on disposal of investments	29,180,233	21,028,215
Purchase of property, equipment and software	(25,832)	(19,633)
	(6,938,679)	(9,009,792)
Net decrease in cash	(4,518,650)	(4,106,888)
Cash, beginning of year	6,714,672	10,821,560
Cash, end of year	2,196,022	6,714,672

The accompanying notes are an integral part of the financial statements.

1. Status and nature of activities

Cancer Research Society / Société de recherche sur le cancer (the "Society") was incorporated under Part III of the *Business Corporations Act* (Québec) and is a registered charity under the *Income Tax Act* (Canada). Its operations consist of raising and distributing funds in the form of research grants and fellowships in order to support research.

2. Accounting policies

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

Fund accounting

The Society uses the restricted fund accounting method to report its activities.

(a) General Fund

This fund reports the assets, liabilities, revenues and expenses related to all programs and administrative activities of the Society, except for those related to the externally or internally Restricted Funds.

(b) Restricted Funds

These funds report the assets, liabilities, revenues and expenses related to the externally or internally Restricted Funds. These funds finance research for the advancement of science aimed at preventing, detecting or treating any given cancer as directed by and agreed with the donor or partner.

Revenue recognition

The unrestricted contributions are recognized as revenue in the General Fund in the year in which they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. The restricted contributions for operating activities are recognized as revenue in the General Fund in the year when the related expenses are committed.

All other restricted contributions are recognized as revenue in the Restricted Funds in the year in which they are received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue in the year in which it is earned.

Donated services

The Society derives significant benefit from time and services donated by volunteers. Because of the difficulty of determining their fair value, these valuable contributions are not recorded in the financial statements.

Financial instruments

Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Society becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities originated or exchanged in related party transactions are initially recognized at cost.

2. Accounting policies (continued)

Financial instruments (continued)

Initial measurement (continued)

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. The cost of financial instruments with repayment terms is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. The cost of financial instruments without repayment terms is determined using the consideration transferred or received by the Society in the transaction.

Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for investments, which are measured at fair value at the statement of financial position date. Fair value fluctuations, including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in revenue.

Transaction costs

Transaction costs related to financial instruments measured at fair value after their initial recognition are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of operations as interest revenue or expense.

Impairment

With respect to financial assets and financial liabilities measured at cost or amortized cost, the Society recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

Property, equipment and software

Property, equipment and software are recorded at cost. Contributed equipment is recorded at fair value at the date of the contribution. Amortization of property, equipment and software is based on their estimated useful life using the declining balance method at an annual rate of 20%.

Leasehold improvements are recorded at cost. Amortization is provided for using the straight-line method over the remaining duration of the lease, as soon as the leasehold improvements are in use.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of capital assets shall be accounted for as expenses in the statement of operations. A write-down shall not be reversed.

2. Accounting policies (continued)

Lease inducement

The lease inducement consists of a leasehold improvement allowance paid by the landlord. The inducement will be amortized against premises expenses using the straight-line method over the remaining duration of the lease.

Allocation of expenses

The Society engages in various fundraising programs. The costs of each program include the costs of personnel and activities that are directly related to the program, and a portion of the premises and administrative expenses of the Society.

Administrative salary expenses are allocated to programs based on the percentage of time devoted to these programs by administrative personnel. Premises expenses are allocated to programs based on the percentage of time devoted to these programs by all personnel.

Foreign exchange translation

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate, while non-monetary items are translated at historical rates. Foreign currency revenue and expenses are translated at the rate of exchange prevailing at the transaction date. Realized gains and losses on translation are included in the statement of operations.

Use of estimates

The preparation of financial statements, in conformity 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, and disclosures of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cancer Research Society / Société de recherche sur le cancer

Notes to the financial statements

August 31, 2024

3. Investments

	2024	2023
	\$	\$
Investments, short-term		
Term deposit, 3.90% (5.15% in 2023), maturing in October 2024 (October 2023 in 2023)	7,000,000	5,000,000
Investments, long-term		
International equity fund		
Denominated in U.S. dollars	5,465,144	6,592,405
Equities		
Denominated in Canadian dollars	10,288,425	11,831,747
Denominated in U.S. dollars	17,149,124	9,039,404
Bonds		
Denominated in Canadian dollars, face value of \$19,333,092 (\$19,143,177 in 2023), interest rates ranging from 1.100% to 7.338% (0.875% to 7.338% in 2023), maturing from December 2024 to June 2083 (December 2023 to June 2083 in 2023)	19,000,011	17,536,409
Commercial mortgages fund		
Denominated in Canadian dollars	6,638,860	2,896,827
Cash and cash equivalents		
Denominated in Canadian dollars	119,854	353,739
Denominated in U.S. dollars	949,066	616,106
Accrued interest	168,479	156,506
	59,778,963	49,023,143
	66,778,963	54,023,143

4. Property, equipment and software

	2024			2023
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Office furniture	130,199	99,348	30,851	38,579
Computers	317,238	248,131	69,107	82,363
Software and website	239,102	211,635	27,467	18,921
Leasehold improvements	214,723	128,671	86,052	101,631
	901,262	687,785	213,477	241,494

5. Deferred contributions

	2024	2023
	\$	\$
Balance, beginning of year	681,760	1,454,875
Amounts received during the year	1,745,834	2,028,918
Amounts recognized as revenue during the year	(1,501,522)	(2,802,033)
Balance, end of year	926,072	681,760

The deferred contributions are composed of cashed amounts in fundraising for activities to occur during the following fiscal years.

6. Realized investment income

Realized investment income consists of the following items:

	2024	2023
	\$	\$
Interest	1,359,226	679,897
Dividends	735,254	547,104
Gain on disposal of investments	1,499,912	1,034,922
	3,594,392	2,261,923
Less: investment management and custody fees	(274,276)	(167,405)
	3,320,116	2,094,518

7. Credit facility

The Society has a credit card facility of \$75,000 (\$75,000 in 2023). An amount of \$8,092 has been used as at August 31, 2024 (\$14,552 as at August 31, 2023).

8. Allocation of expenses

Salaries in the amount of \$1,124,018 (\$903,704) have been allocated as follows:

	2024	2023
	\$	\$
Annual campaigns	235,998	199,690
Major and planned gifts	151,536	135,304
Fundraising events and other	233,817	218,591
Research grants and fellowships	135,296	109,589
Administration	367,371	240,530
	1,124,018	903,704

8. Allocation of expenses (continued)

Premises expenses are allocated as follows:

	2024	2023
	\$	\$
Annual campaigns	107,927	120,743
Major and planned gifts	16,002	16,745
Fundraising events and other	67,673	63,324
Research grants and fellowships	32,336	31,640
Administration	66,089	56,934
	290,027	289,386

9. Related party transactions

The Society carried out transactions with directors in the amount of \$35,000 (\$60,000 in 2023).

10. Commitments

(a) Fund balances – research grant and fellowship commitments

The Society has approved commitments for research grants and fellowships as set out below. Many of these grants and fellowships involve multi-year programs, which are subject to application for renewal on an annual basis. Though failure to renew the grants and fellowships would in most cases invalidate the programs, there is an implied commitment extending into the future. The amounts below assume annual renewal of approved multi-year programs:

	\$
2025	16,525,000
2026	11,959,167
2027	3,221,667
2028	1,696,667
2029	800,000
	<u>34,202,501</u>
Less: pledge by third parties	<u>(2,180,000)</u>
	<u>32,022,501</u>

(b) The Society's other total annual minimum commitments are as follows:

	Premises	Equipment and other	Total
	\$	\$	\$
2025	306,263	12,200	318,463
2026	306,263	12,200	318,463
2027	306,263	9,528	315,791
2028	178,653	3,811	182,464
2029	—	3,811	3,811
	<u>1,097,442</u>	<u>41,550</u>	<u>1,138,992</u>

11. Financial instruments

Because of its financial assets, the Society is exposed to the following risks related to the use of financial instruments:

Market risk

Market risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices. Some of the Society's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

a) Currency risk

The Society holds cash in the amount of CAN\$11,598 (CAN\$12,732 in 2023), in U.S. dollars, as well as cash and cash equivalent, U.S. equity and a participation in an international equity fund which is also in U.S. dollars. Consequently, the Society is exposed to changes in foreign currencies. The same applies to the earned income associated with these investments.

b) Interest rate risk

Investments in bonds bear interest at fixed rates. Consequently, a change in market interest rates will have an impact on the fair value of these investments.

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investments in equities and investment funds for which the value fluctuates with the quoted market price.

Credit risk

The Society holds cash and investments in bonds. Therefore, there is a credit risk that the bond issuer will be unable to pay its obligations toward the Society and this will have an impact on the assets of the Society. In order to minimize the counterparty default risk, the Society trades its cash through a Canadian chartered bank as defined by the *Bank Act* (Canada), while, for bonds, the Society requires a minimum quality rating of A.

12. Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.