
FINANCIAL STATEMENTS

**CANCER EDUCATION RESEARCH
FOUNDATION**

December 31, 2020

CANCER EDUCATION RESEARCH FOUNDATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Cancer Education Research Foundation

Qualified Opinion

We have audited the financial statements of **Cancer Education Research Foundation**, which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020 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.

Basis for Opinion

In common with many not-for-profit organizations, the Organization derives revenue from 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2020 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 from Cancer Education Research Foundation is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

- ♦ 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.

CQK Chartered Accountants LLP

Mississauga, Ontario
October 13, 2021

CHARTERED ACCOUNTANTS
Licensed Public Accountants

CANCER EDUCATION RESEARCH FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at December 31	2020	2019
Assets		
Current		
Cash	\$ 2,298,702	\$ 1,462,784
Term deposit	51,392	51,111
Other receivable	4,570	12,862
Prepaid and deposits	12,550	8,220
Restricted cash (note 3)	1,195,163	1,839,775
	3,562,377	3,374,752
Property, plant and equipment (note 4)	2,903	2,887
	\$ 3,565,280	\$ 3,377,639

Liabilities and fund balances

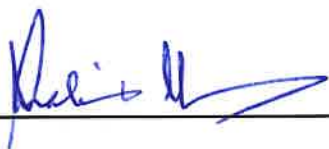
Current		
Accounts payable and accrued liabilities (note 5)	\$ 8,216	\$ 23,021
Loan payable (note 6)	40,000	-
	48,216	23,021
Operating fund balance	3,517,064	3,354,618
	\$ 3,565,280	\$ 3,377,639

See accompanying notes to financial statements

Approved:

Member

Member



CANCER EDUCATION RESEARCH FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

<u>Year ended December 31</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 3,354,618	\$ 3,696,085
Excess (deficiency) of revenues over expenditures	162,446	(341,467)
Balance, end of year	\$ 3,517,064	\$ 3,354,618

See accompanying notes to financial statements

CANCER EDUCATION RESEARCH FOUNDATION

STATEMENT OF OPERATIONS

Year ended December 31	2020	2019
Revenues		
Donation receipts	\$ 3,333,218	\$ 2,656,067
Other revenue	281	280
	3,333,499	2,656,347
Direct costs		
Contributions towards international agreements (Note 6)	3,034,938	2,767,684
	298,561	(111,337)
Expenditures		
Merchant services fee	71,836	49,107
Salaries and wages	52,525	55,337
Office and general	12,039	16,315
Professional fees	11,283	9,147
Fund raising	5,551	78,679
Newsletter - printing and mailing	1,877	19,847
Amortization	643	722
Bank charges	361	976
	156,115	230,130
Excess (deficiency) of revenues over expenditures before undernoted item	142,446	(341,467)
Other income		
Debt forgiveness (Note 6)	20,000	-
Excess (deficiency) of revenues over expenditures	\$ 162,446	\$ (341,467)

See accompanying notes to financial statements

CANCER EDUCATION RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31	2020	2019
Cash flows provided by (used in):		
Operating		
Excess (deficiency) of revenues over expenditures	\$ 162,446	\$ (341,467)
Adjustments for		
Amortization	643	722
Loan forgiveness	(20,000)	-
	143,089	(340,745)
Change in non-cash working capital items		
Term deposit	(281)	(280)
Other receivable	8,292	1,067
Prepaid and deposits	(4,330)	(4,946)
Accounts payable and accrued liabilities	(14,805)	6,259
	131,965	(338,645)
Investing		
Purchase of property, plant and equipment	(659)	-
Financing		
CEBA Loan proceeds	60,000	-
Increase (decrease) in cash	191,306	(338,645)
Cash, beginning of year	3,302,559	3,641,204
Cash, end of year	\$ 3,493,865	\$ 3,302,559
Cash consists of:		
Cash	\$ 2,298,702	\$ 1,462,784
Restricted cash	1,195,163	1,839,775
	\$ 3,493,865	\$ 3,302,559

See accompanying notes to financial statements

CANCER EDUCATION RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

1. Nature of operations

Cancer Education Research Foundation ("CERF") promotes health by funding and providing cancer treatment equipment. Subsequent to the year end, CERF amended its purpose and obtained approval to provide for those in need with food and medication.

Cancer Education Research Foundation was incorporated without share capital under the Canada Not-for-Profit Corporation Act as of July 16, 2014. CERF is a registered Canadian charity as it meets all legal requirements of Canadian legislation and policies related to charitable organizations, and accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. Significant accounting policies

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

(a) Basis of accounting

These financial statements have been prepared by management in accordance with the Canadian standards for not-for-profit organizations with significant accounting policies as set out below.

(b) 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 disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) Property, plant and equipment

Property, plant and equipment is recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over its estimated useful life. The annual amortization rate is as follows:

Computer Equipment	20%
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(d) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

(e) Donated material and services

Donated capital and investments are recorded in the financial statements at fair value on the date of the donation. Donated materials and services are not recorded because the fair market value is not readily determinable. With the exception of volunteer time, such material and services are not significant.

CANCER EDUCATION RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

2. Significant accounting policies (continued)

(f) Contributed services

Directors, committee members and owners volunteer their time to assist in the Organization's activities. While these services benefit the Organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

(g) Capital management

The Organization manages its capital to ensure that it will be able to continue as a going concern while providing funding for acquisition of cancer treatment equipment. As the Organization is a not-for-profit organization, this objective is dependent on the support of individual and corporate donors.

The Organization is not subject to externally imposed capital requirements.

The Organization defines its capital as its Fund balances. The Organization manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of its capital requirements, the Organization prepares annual revenue and expenditure budgets which are based on established and projected funding needs for the year. These budgets are updated as necessary depending on changes in circumstances and are approved by the Board of Directors. There has been no change in what the Organization defines as capital, or the objectives, policies and procedures for managing capital in the year.

(h) Financial instruments

The Organization's financial instruments consist of cash, term deposit, accounts receivable and accounts payable and accrued liabilities and loan payable. The Organization's financial assets and liabilities are initially recorded at cost and subsequently measured at amortized cost. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

(i) Restricted cash

Cash requirements for future commitments are segregated as restricted cash.

CANCER EDUCATION RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

3. Restricted cash

The Organization has signed agreements with Shaukat Khanum Memorial Trust to fund projects with following remaining commitments:

	2020	2019
Project 4: Funding of Magnetic Resonance Imaging (MRI - Peshawar)	\$ -	\$ 539,775
Project 5: Funding to support the purchase of Linear Accelerator (True Beam Radiotherapy System - Lahore)	-	1,300,000
Project 6: Funding of Linear Accelerator - True Beam Radiotherapy System - (Lahore)	1,148,062	-
Project 7: Funding of Washer Disinfectant System: (Steam Sterilizer and Drying Cabinet) - Peshawar	47,101	-
	\$ 1,195,163	\$ 1,839,775

4. Property, plant and equipment

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Computer Equipment	\$ 5,065	\$ 2,162	\$ 2,903	\$ 2,887

5. Accounts payable and accrued liabilities

	2020	2019
Trade payables	\$ 716	\$ 15,521
Accrued liabilities	7,500	7,500
	\$ 8,216	\$ 23,021

6. Loan payable

During the year, the Organization received loans of \$60,000 through Canadian Emergency Business Account Program ("CEBA Loan"), which provides financial relief for Canadian small business during the COVID-19 pandemic. The CEBA Loan has an initial term date on December 31, 2022 (the "Initial Term Date") and may be extended to December 31, 2025. The CEBA Loan is non-revolving, with an interest rate being 0% per annum prior to the initial Term Date. Repayment of principal is not required before December 31, 2022. The loan payments can be made at any time without fees or penalties. Repaying the balance of the CEBA Loan on or before December 31, 2022 will result in a loan forgiveness of \$20,000. The loan forgiveness has been recorded during the year.

CANCER EDUCATION RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

7. Commitments and International Agreements

Project 1: Funding of Linear Accelerator: (Completed)

On April 1, 2016 CERF signed an agreement with Shaukat Khanum Cancer Hospital and Research Centre to fund a portion of costs of acquiring a "Linear Accelerator" (LINAC). This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Pakistan. CERF is committed to fund \$750,000 towards this project of which \$562,500 has been funded in 2016. Remaining balance of \$187,500 was paid in 2017 upon receipt of final project completion report.

Project 2: Funding of Diesel Generator: (Completed)

On April 30, 2016 CERF signed an agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Diesel Generator. This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Peshawar Pakistan to ensure uninterrupted power supply. CERF is committed to fund \$750,000 towards this project of which \$600,000 has been funded in 2016. Remaining balance of \$150,000 was paid in 2017 upon receipt of final project completion report.

Project 3: Funding of Magnetic Resonance Imaging (MRI Lahore): (Completed)

On August 31, 2017, CERF signed a two years agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Magnetic Resonance Imaging (MRI) machine. This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Lahore, Pakistan. Total cost of this equipment is estimated to be \$2,723,300 of which CERF is committed to fund \$1,517,968 (2018 - 1,770,145) towards this project of which \$590,049 has been funded in 2017. Second and final installment of remaining balance is made in 2019 in the amount of \$927,909. The final payment was released upon receipt of final project completion report.

Project 4: Funding of Magnetic Resonance Imaging (MRI - Peshawar): (Completed)

On March 5, 2018, CERF signed a two years agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Magnetic Resonance Imaging (MRI) machine. This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Peshawar, Pakistan. Total cost of this equipment is estimated to be \$2,491,269 of which CERF is committed to fund \$1,619,325 towards this project (\$539,775 of the commitment was paid out in August 2018). The interim report was received during 2019 and second installment of \$ 539,775 was made. Remaining balance of \$539,775 was paid in 2020 upon receipt of final completion report.

Project 5: Funding to support the purchase of Linear Accelerator (True Beam Radiotherapy System - Lahore): (Completed)

On November 18, 2019, CERF signed a two years agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Linear Accelerator (True Beam Radiotherapy System) machine. This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Lahore, Pakistan. Total cost of this equipment is estimated to be \$4,000,000 of which CERF is committed to fund \$2,600,000 towards this project (\$1,300,000 of the commitment was paid out in December 2019). Remaining balance of \$1,300,000 was paid in 2020 upon receipt of final completion report.

Project 6: Funding of Linear Accelerator:

On December 15, 2020, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Linear Accelerator (True Beam Radiotherapy System) machine. This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Lahore, Pakistan. Total cost of this equipment is estimated to be \$3,532,500 of which CERF is committed to fund \$2,296,125 towards this project. An initial payment of \$1,148,062 of the commitment was paid in December 2020. Remaining balance of \$1,148,063 is expected be paid in 2021 upon receipt of final completion report.

CANCER EDUCATION RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

7. Commitments and International Agreements (continued)

Project 7: Funding of Washer Disinfector System:

On December 15, 2020, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Washer Disinfector System (Steam Sterilizer and Drying Cabinet) machine. This equipment will be installed at Shaukat Khanum Memorial Cancer Hospital and Research Centre, Peshawar, Pakistan. Total cost of this equipment is estimated to be \$144,925 of which CERF is committed to fund \$94,202 towards this project. An initial payment of \$47,101 of the commitment was paid in December 2020. Remaining balance of \$47,101 is expected be paid in 2021 upon receipt of final completion report.

	Total Commitment	Funded as of December 31, 2020	Balance of Commitment
Project 1: Funding of Linear Accelerator	\$ 750,000	\$ (750,000)	\$ -
Project 2: Funding of Diesel Generator	750,000	(750,000)	-
Project 3: Funding of Magnetic Resonance Imaging (MRI Lahore)	1,517,958	(1,517,958)	-
Project 4: Funding of Magnetic Resonance Imaging (MRI - Peshawar)	1,619,325	(1,619,325)	-
Project 5: Funding to support the purchase of Linear Accelerator (True Beam Radiotherapy System - Lahore)	2,600,000	(2,600,000)	-
Project 6: Funding of Linear Accelerator - (True Beam Radiotherapy System - Lahore)	2,296,125	(1,148,063)	1,148,062
Project 7: Funding of Washer Disinfector System: Funding a portion of costs of acquiring a Washer Disinfector System (Steam Sterilizer and Drying Cabinet) machine.	94,202	(47,101)	47,101
	\$ 9,627,610	\$(8,432,447)	\$ 1,195,163

8. Contractual obligations

The Organization's total obligations, under various International Agreements and operating leases which are subject to specific reporting requirements before each installment is made are as follows:

2021	\$ 1,196,904
2022	870
	\$ 1,197,774

9. Covid-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Organization's operations.

CANCER EDUCATION RESEARCH FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

9. Covid-19 (continued)

During the year, the Organization received loans of \$60,000 through Canadian Emergency Business Account Program ("CEBA Loan"), which provides financial relief for Canadian small business during the COVID-19 pandemic. (See Note 6).

In addition, the Organization qualified to receive wage subsidy (CEWS) from Government of Canada in the amount of \$23,840. The amount is recorded as a reduction of salaries and wages expense for the year.

The extent of the impact of this outbreak and related containment measures on the Organization's operations cannot be reliably estimated at this time.

