
FINANCIAL STATEMENTS

**CANCER EDUCATION RESEARCH
FOUNDATION**

December 31, 2023

Cancer Education Research Foundation

FINANCIAL STATEMENTS

CONTENTS

	<u>Page</u>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to the Financial Statements	5



CHARTERED
PROFESSIONAL
ACCOUNTANTS

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, 2023, 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, 2023 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 Qualified 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at and members for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2023 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

- ♦ 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 LLP

Mississauga, Ontario
December 11, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Cancer Education Research Foundation


STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022
Assets		
Current		
Cash	\$ 423,493	\$ 136,038
Term deposit	53,437	51,805
Other receivable	138,132	10,315
Prepaid and deposits	1,543	10,743
Restricted cash (note 3)	4,000,000	3,000,000
	4,616,605	3,208,901
Property, plant and equipment (note 4)	1,486	1,858
	\$ 4,618,091	\$ 3,210,759

Liabilities and fund balances

Current		
Accounts payable and accrued liabilities (note 5)	\$ 34,454	\$ 17,643
Loan payable (note 6)	-	40,000
	34,454	57,643
Operating fund balance	4,583,637	3,153,116
	\$ 4,618,091	\$ 3,210,759

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>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,153,116	\$ 4,076,254
Excess (deficiency) of revenues over expenditures	1,430,521	(923,138)
Balance, end of year	\$ 4,583,637	\$ 3,153,116

See accompanying notes to financial statements

Cancer Education Research Foundation

STATEMENT OF OPERATIONS

Year ended December 31	2023	2022
Revenues		
Donation receipts	\$ 5,317,931	\$ 5,279,356
Other revenue	1,632	181
	5,319,563	5,279,537
Direct costs		
Contributions towards international agreements (Note 7)	3,357,897	5,749,828
	1,961,666	(470,291)
Expenditures		
Fund raising	208,441	163,749
Salaries and wages	149,537	139,683
Merchant services fee	109,835	102,401
Office and general	27,052	16,722
Newsletter - printing and mailing	13,344	10,508
Professional fees	11,800	10,666
Travel	8,564	6,983
Bank charges	2,200	1,671
Amortization	372	464
	531,145	452,847
Excess (deficiency) of revenues over expenditures	\$ 1,430,521	\$ (923,138)

See accompanying notes to financial statements

Cancer Education Research Foundation

STATEMENT OF CASH FLOWS

Year ended December 31	2023	2022
Cash flows provided by (used in):		
Operating		
Excess (deficiency) of revenues over expenditures	\$ 1,430,521	\$ (923,138)
Adjustment for		
Amortization	372	464
	1,430,893	(922,674)
Change in non-cash working capital items		
Term deposit	(1,632)	(181)
Other receivable	(127,817)	(4,892)
Prepaid and deposits	9,200	(106)
Accounts payable and accrued liabilities	16,811	4,803
	1,327,455	(923,050)
Financing		
CEBA Loan repayment	(40,000)	-
Increase (decrease) in cash	1,287,455	(923,050)
Cash, beginning of year	3,136,038	4,059,088
Cash, end of year	\$ 4,423,493	\$ 3,136,038
Cash consists of:		
Cash	\$ 423,493	\$ 136,038
Restricted cash	4,000,000	3,000,000
	\$ 4,423,493	\$ 3,136,038

See accompanying notes to financial statements

Cancer Education Research Foundation

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. Nature of operations

Cancer Education Research Foundation ("CERF") promotes health by funding and providing cancer treatment equipment and facilities, and 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%
--------------------	-----

(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.

Other 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, 2023

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 and facilities. 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, other receivables 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.

3. Restricted cash

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

	2023	2022
Project 10: Funding for construction cost of Karachi Hospital	\$ 1,000,000	\$ -
Project 12: Funding to support the procurement and installation of HVAC System at SKMCH&RC, Karachi	3,000,000	3,000,000
	\$ 4,000,000	\$ 3,000,000

Cancer Education Research Foundation

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

4. Property, plant and equipment

			2023		2022	
	Cost	Accumulated amortization	Net		Net	
Computer Equipment	\$ 5,065	\$ 3,579	\$ 1,486	\$	\$ 1,858	

5. Accounts payable and accrued liabilities

			2023		2022	
Trade payables			\$ 5,222	\$	2,473	
Accrued liabilities			20,300		8,500	
Government remittances			8,932		6,670	
			\$ 34,454	\$	17,643	

6. Loan payable

The Organization received a \$60,000 Canada Emergency Business Account (CEBA) to finance expenses as a result of COVID-19. \$20,000 of the loan is eligible for loan forgiveness if the outstanding balance of the loan is repaid on or before December 31, 2022 (extended to January 18, 2024). The loan is interest free and no minimum monthly principal payments are required until January 18, 2024. If the loan is not repaid by this date, it will be converted into a 3 year term loan with 5% interest rate. Interest will be paid on a monthly basis, from January 31, 2024 to December 31, 2026, with the balance of the loan due on December 31, 2026. During the entire term of the loan, the Corporation may repay all or a portion of the loan. The Organization repaid the loan in full before the due date in 2023.

Cancer Education Research Foundation

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Commitments and International Agreements

Project 1: Funding of Linear Accelerator: (Completed 2017)

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 had committed to fund \$750,000 towards this project of which \$562,500 has been funded in 2016 and the remaining balance of \$187,500 was paid in 2017 upon receipt of final project completion report.

Project 2: Funding of Diesel Generator: (Completed 2017)

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 had committed to fund \$750,000 towards this project of which \$600,000 was funded in 2016 and the 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 2019)

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 was estimated to be \$2,723,300 of which CERF had committed to fund \$1,517,968 towards this project of which \$590,049 was funded in 2017 and second and final installment was 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 2020)

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 had committed to fund \$1,619,325 towards this project of which \$539,775 was funded in 2018 and the 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 2020)

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 was estimated to be \$4,000,000 of which CERF had committed to fund \$2,600,000 towards this project of which \$1,300,000 of the commitment was funded in 2019 and the remaining balance of \$1,300,000 was paid in 2020 upon receipt of final completion report.

Project 6: Funding of Linear Accelerator: (Completed 2022)

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 \$1,133,438 was paid in 2022 upon receipt of final completion report.

Cancer Education Research Foundation

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Commitments and International Agreements (continued)

Project 7: Funding of Washer Disinfectant System: (Completed 2021)

On December 15, 2020, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund a portion of costs of acquiring a Washer Disinfectant 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 was paid in 2021 upon receipt of final completion report.

Project 8: Funding for Qurbani: (Completed 2021)

On July 7, 2021, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund Qurbani services for the donations received in 2021 related to Qurbani. All the meat from these Qurbani services was distributed to underprivileged families across Pakistan and funds from the sale of leather hides will be used towards needy cancer patients. CERF paid \$270,232 based on the Qurbani donations it received during the year.

Project 10: Funding for construction cost of Karachi Hospital:

On December 1, 2021, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund a portion of the construction cost of Karachi hospital. Total cost of this construction project is estimated to be \$88 million of which CERF is committed to fund \$8,000,000 towards this project. \$3,000,000 of the commitment was paid out in upon signing of the agreement. \$4,000,000 paid out in 2022 upon project update reports received. Remaining balance of \$1,000,000 is paid out in 2024 upon receipt of final completion report.

Project 11: Funding for Qurbani: (Completed 2022)

On July 21, 2022, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund Qurbani services for the donations received in 2022 related to Qurbani. All the meat from these Qurbani services will be distributed to underprivileged families across Pakistan and funds from the sale of leather hides will be used towards needy cancer patients. CERF is committed to pay \$294,390 based on the Qurbani donations it received during the year. CERF paid the same amount during the year upon receipt of final completion report.

Project 12: Funding for HVAC cost of Karachi Hospital:

On January 25, 2023, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund a portion of the construction cost HVAC system including BMS and VTS works of Karachi hospital. Total cost of this construction project is estimated to be \$16 million of which CERF is committed to fund \$9,000,000 towards this project. \$3,000,000 of the commitment was paid out upon signing of the agreement in 2023. \$3,000,000 is to be paid out in 2024 upon project update reports and the remaining balance of \$3,000,000 will be paid out in 2025 upon receipt of final completion report.

Project 13: Funding for Qurbani: (Completed 2023)

On May 17, 2023, CERF signed an agreement with Shaukat Khanum Memorial Trust to fund Qurbani services for the donations received in 2023 related to Qurbani. All the meat from these Qurbani services will be distributed to underprivileged families across Pakistan and funds from the sale of leather hides will be used towards needy cancer patients. CERF is committed to pay \$357,897 based on the Qurbani donations it received during the year. CERF paid the same amount during the year upon receipt of final completion report.

Cancer Education Research Foundation

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. Commitments and International Agreements (continued)

	Total Commitment	Funded as of December 31, 2023 (since Inception)	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	(2,296,125)	-
Project 7: Funding of Washer Disinfectorsystem:	94,202	(94,202)	-
Project 8: Funding for Qurbani:	270,232	(270,232)	-
Project 10: Funding for construction cost of Karachi Hospital:	8,000,000	(7,000,000)	1,000,000
Project 11: Funding for Qurbani	294,232	(294,232)	-
Project 12: Funding for HVAC cost of Karachihospital	9,000,000	(3,000,000)	6,000,000
Project 13: Funding for Qurbani	357,897	(357,897)	-
	<u>\$ 27,549,971</u>	<u>\$(20,549,971)</u>	<u>\$ 7,000,000</u>

CERF has committed to fund a balance of \$1,000,000 for the construction and an additional \$9,000,000 for HVAC system of Shauket Khanum Hospital in Karachi Pakistan. This commitment is to be funded upon the achievement of certain milestones with a total commitment of \$4,000,000 in 2024. As of December 31, 2023, the Organization had already raised \$4,000,000 and the balance is expected to be raised in 2024 and 2025 through donations.

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:

2024	\$ 4,001,080
2025	3,001,080
	<u>\$ 7,002,160</u>