

Melanoma Network of Canada

Financial Statements

For the year ended December 31, 2018

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To the Directors of
Melanoma Network of Canada

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of Melanoma Network of Canada (the Company), which comprise the balance sheet as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Melanoma Network of Canada as at December 31, 2018 and the results of its operations, changes in net assets 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 Network derives revenues from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded by the Network and we were not able to determine whether any adjustments might be necessary to revenue, and excess of revenues over expenditures for the period ended December 31, 2018 and assets and net assets as at December 31, 2018.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 these financial statements in accordance with Canadian accounting standards for private enterprises, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 Auditing Standards (CASs), 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 Company'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 Company'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 Company to cease to continue as a going concern.



- 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.

March 18, 2019
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

Melanoma Network of Canada

Statement of Financial Position

December 31, 2018

Assets		
	2018	2017
Current assets		
Cash and cash equivalents	\$ 199,260	\$ 223,625
Restricted cash (Note 5)	65,672	35,000
Investment in guaranteed investment certificate	252,674	352,378
Accounts receivable	10,276	10,204
Prepays and deposits	4,488	4,735
H.S.T recoverable	18,158	9,601
	550,528	635,543
Long-term investment	100,000	-
Capital assets (Note 4)	2,957	4,216
	\$ 653,485	\$ 639,759

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 25,498	\$ 38,465
Deferred revenue (Note 5)	65,672	35,000
	\$ 91,170	\$ 73,465

Net Assets		
Unrestricted	\$ 562,315	\$ 566,294
	562,315	566,294
	\$ 653,485	\$ 639,759

Approved on Behalf of the Board

Directors

Directors

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



Melanoma Network of Canada
Statement of Changes in Net Assets
Year Ended December 31, 2018

	Unrestricted		
		2018	2017
Balance, beginning of year	\$ 566,294	\$ 566,294	\$ 444,786
Net excess of revenue over expenditures	(3,979)	(3,979)	121,508
Balance, end of year	\$ 562,315	\$ 562,315	\$ 566,294

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



Melanoma Network of Canada

Statement of Operations

Year Ended December 31, 2018

	2018	2017
Revenue		
Corporate contributions	\$ 172,028	\$ 230,592
Fundraising events and donations	438,315	421,030
General donations	80,701	93,439
Interest income	5,062	3,045
	<hr/> 696,106	<hr/> 748,106
Expenditures		
Amortization	1,260	1,262
Automobile, travel and conferences	14,568	16,714
Donation processing fees	4,157	4,953
Education and public awareness	326,942	273,225
Fundraising materials, media and venues	215,634	205,179
Insurance	2,607	3,687
Office and general	60,696	52,037
Professional fees	24,165	30,053
Rent	25,725	24,842
Research grant	10,000	2,083
Website	14,331	12,563
	<hr/> 700,085	<hr/> 626,598
Net excess of revenue over expenditures	\$ (3,979)	\$ 121,508

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



Melanoma Network of Canada

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
Cash flows from operating activities		
Net excess of revenue over expenditures	\$ (3,979)	\$ 121,508
Amounts not involving cash		
Amortization of capital assets	1,260	1,262
Accrued investment income	(297)	(521)
	(3,016)	122,249
Net change in accounts receivable	(72)	(10,204)
Net change in accounts payable and accrued liabilities	(12,967)	8,432
Net change in deferred revenues	30,672	35,000
Net change in prepaids and deposits	247	715
Net change in H.S.T. recoverable	(8,557)	1,070
Cash flows from operating activities	6,307	157,262
Cash flows from investing activities		
Purchase of capital assets	-	(5,478)
Redemption of guaranteed investment certificates	351,485	401,485
Purchase of guaranteed investment certificates	(351,485)	(351,485)
Cash flows from investing activities	-	44,522
Net increase in cash and cash equivalents	6,307	201,784
Cash and cash equivalents, beginning of year	258,625	56,841
Cash and cash equivalents, end of year	\$ 264,932	\$ 258,625
Cash and cash equivalents consist of:		
Bank	\$ 199,260	\$ 223,625
Restricted cash	65,672	35,000
	\$ 264,932	\$ 258,625

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



Melanoma Network of Canada

Notes to Financial Statements

Year Ended December 31, 2018

1. Nature of organization

Melanoma Network of Canada (the "Network") is a charitable organization whose primary objective is to support individuals whose lives have been changed by melanoma. The Network is advancing the prevention of melanoma through advocacy and education. The Network is a national, patient-led organization whose vision is to increase Canadian's awareness of melanoma, a potentially life-threatening skin cancer, and its' prevention through education, advocacy and research; to support melanoma patients, caregivers and medical professionals through current and coordinated information and services; to create a national network advocating for additional treatment options and a united voice for patients with melanoma. The Network is incorporated under the Canada Not-For-Profit Corporations Act as a not-for-profit organization without share capital and is a registered charity under the Income Tax Act.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash includes cash on hand and balances with banks.

Financial instruments

The Network's financial instruments consist of cash and cash equivalents, restricted cash, investment in guaranteed investment certificate and accounts payable and accrued liabilities. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

Capital assets are recorded at cost. Amortization is provided as follows:

Computer equipment	3 year straight-line
Furniture and fixtures	5 year straight-line

Revenue recognition

The Network follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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 received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

Deferred revenue

Deferred revenue represents contributions and other funding received which have not yet been used for their specified purpose.



Melanoma Network of Canada

Notes to Financial Statements

Year Ended December 31, 2018

2. Significant accounting policies (cont'd.)

Contributed services

Volunteers contribute a significant number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Income taxes

The Network is registered under the Income Tax Act (the "Act") as a charitable organization and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Network must meet certain requirements of the Act. In the opinion of management, these requirements have been met.

Allocation of expenses

The Network allocates salaries and benefits by estimating the total percentage by position that is attributable to the applicable education program or fundraising event.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

3. Related party transactions

During the year, the Network reimbursed Directors for expenses incurred on behalf of the Network which amounted to \$9,652.36 (2017 - \$20,640). These expenses are part of Office and general expenses. These transactions were recorded in the normal course of operations and have been recorded at their exchange amount.

4. Capital assets

	Cost	Accumulated Amortization	2018	2017
Computer equipment	\$ 1,245	\$ 830	\$ 415	\$ 830
Furniture and fixtures	4,233	1,691	2,542	3,386
	\$ 5,478	\$ 2,521	\$ 2,957	\$ 4,216



Melanoma Network of Canada

Notes to Financial Statements

Year Ended December 31, 2018

5. Deferred revenue

	2018	2017
Sun Safety Council	\$ 51,302	\$ 25,000
Booklets	11,300	10,000
Gala 2019	3,070	-
	<hr/> \$ 65,672	<hr/> \$ 35,000

During the year, the Network received funding for the above projects that are restricted for use towards these special projects. This funding has been deferred as it has been received but has not yet been used for the specified purpose.

6. Commitments

The Network entered into an agreement to lease office space up until July 31, 2019. The Network has a remaining commitment of \$15,029 in the year ending December 31, 2019.

7. Allocation of expenses

Salaries and wages expense of \$284,447 (2017 - \$260,116) have been allocated as follows:

	2018	2017
Core operations	\$ 48,181	\$ 30,804
Fundraising	51,102	75,746
Education	185,164	153,566
	<hr/> \$ 284,447	<hr/> \$ 260,116

8. Financial instruments

The Network's financial instruments consist of cash and cash equivalents, restricted cash, investment in guaranteed investment certificate and accounts payable and accrued liabilities.

Liquidity risk

The Network's exposure to liquidity risk is dependent on the collection of accounts and funding receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Network manages liquidity risk by management of working capital, and cash flows.

Unless otherwise noted, it is management's opinion that the Network is not exposed to significant credit, interest, market, or currency risks.

