

# Melanoma Network of Canada

## Financial Statements

For the year ended December 31, 2020

Contents	Page
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Changes in Net Assets	2
Statement of Operations	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8

To the Directors of  
Melanoma Network of Canada

### **Independent Auditors' Report**

#### **Qualified Opinion**

We have audited the accompanying financial statements of Melanoma Network of Canada (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, 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 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, 2020 and net assets as at December 31, 2020.

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 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 these 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.

### **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 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.

February 24, 2021  
Burlington, Ontario

*SB Partners LLP*

Chartered Professional Accountants  
Licensed Public Accountants

# Melanoma Network of Canada

## Statement of Financial Position

December 31, 2020

---

<b>Assets</b>		
	<b>2020</b>	<b>2019</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 292,399	\$ 169,242
Restricted cash (Note 5)	133,023	21,495
Investment in guaranteed investment certificate	357,355	355,730
Accounts receivable	20,434	14,000
Prepays and deposits	22,530	26,281
H.S.T recoverable	12,763	22,010
	<b>838,504</b>	<b>608,758</b>
<b>Capital assets (Note 4)</b>	<b>7,536</b>	<b>11,239</b>
	<b>\$ 846,040</b>	<b>\$ 619,997</b>

---

<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 35,735	\$ 28,865
Deferred revenue (Note 5)	133,023	21,495
	<b>168,758</b>	<b>50,360</b>
<b>Deferred capital contribution (Note 6)</b>	<b>1,634</b>	<b>3,143</b>
	<b>\$ 170,392</b>	<b>\$ 53,503</b>

---

<b>Net Assets</b>		
<b>Unrestricted</b>	<b>\$ 675,648</b>	<b>\$ 566,494</b>
	<b>675,648</b>	<b>566,494</b>
	<b>\$ 846,040</b>	<b>\$ 619,997</b>

---

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, 2020**

---

	<b>Unrestricted</b>	<b>2020</b>	<b>2019</b>
<b>Balance, beginning of year</b>	<b>\$ 566,494</b>	<b>\$ 566,494</b>	<b>\$ 562,315</b>
<b>Net excess of revenue over expenditures</b>	<b>109,154</b>	<b>109,154</b>	<b>4,179</b>
<b>Balance, end of year</b>	<b>\$ 675,648</b>	<b>\$ 675,648</b>	<b>\$ 566,494</b>

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



## Melanoma Network of Canada

### Statement of Operations

Year Ended December 31, 2020

	2020	2019
<b>Revenue</b>		
Corporate contributions	\$ 266,426	\$ 348,815
Fundraising events and donations	203,028	484,026
General donations	99,679	74,981
Interest income	5,402	7,725
	<b>574,535</b>	<b>915,547</b>
<b>Expenditures</b>		
Amortization	5,499	5,145
Automobile, travel and conferences	3,247	16,280
Donation processing fees	4,386	6,294
Education and public awareness	326,606	482,615
Fundraising materials, media and venues	83,471	229,212
Insurance	2,686	4,426
Office and general	82,752	101,742
Professional fees	31,160	23,944
Rent	23,192	25,569
Website	771	16,141
	<b>563,770</b>	<b>911,368</b>
<b>Excess before other income</b>	<b>10,765</b>	<b>4,179</b>
Government Assistance (Note 7)	98,389	-
<b>Net excess of revenue over expenditures</b>	<b>\$ 109,154</b>	<b>\$ 4,179</b>

*Skint*

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



## Melanoma Network of Canada

### Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
<b>Cash flows from operating activities</b>		
Net excess of revenue over expenditures	\$ 109,154	\$ 4,179
Amounts not involving cash		
Amortization of capital assets	5,499	5,145
Accrued investment income	(1,050)	(3,056)
	<b>113,603</b>	6,268
Net change in accounts receivable	(6,434)	(3,724)
Net change in accounts payable and accrued liabilities	6,870	3,367
Net change in deferred revenues	111,528	(44,177)
Net change in prepaids and deposits	3,751	(21,793)
Net change in H.S.T. recoverable	9,247	(3,852)
Deferred capital contribution	(1,509)	3,143
	<b>237,056</b>	(60,768)
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(1,794)	(13,427)
Redemption of guaranteed investment certificates	445,728	251,485
Purchase of guaranteed investment certificates	(446,305)	(251,485)
	<b>(2,371)</b>	(13,427)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>234,685</b>	(74,195)
<b>Cash and cash equivalents, beginning of year</b>	<b>190,737</b>	264,932
<b>Cash and cash equivalents, end of year</b>	<b>\$ 425,422</b>	\$ 190,737
<b>Cash and cash equivalents consist of:</b>		
Bank	\$ 292,399	\$ 169,242
Restricted cash	133,023	21,495
	<b>\$ 425,422</b>	\$ 190,737

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



# Melanoma Network of Canada

## Notes to Financial Statements

Year Ended December 31, 2020

---

### 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, 2020

---

### 2. Significant accounting policies (cont'd.)

#### Deferred capital contributions

Deferred capital contribution represents contributions and other funding received restricted for the purchase of capital assets. Such contributions will be recognized as revenue over the useful life of the acquired capital asset.

#### 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.

#### Government Assistance

The Network recognizes government assistance when amounts are determinable and collection is reasonably assured. Government assistance received towards current expenses or revenues are included in the determination of net income for the period, as other income, while government assistance received towards capital expenditures are amortized in income over the useful life of the related capital expenditures.

#### 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 \$8,946 (2019 - \$8,720). 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.



## Melanoma Network of Canada

### Notes to Financial Statements

Year Ended December 31, 2020

#### 4. Capital assets

	Cost	Accumulated Amortization	2020	2019
Computer equipment	\$ 16,468	\$ 9,785	\$ 6,683	\$ 9,612
Furniture and fixtures	4,233	3,380	853	1,627
	<u>\$ 20,701</u>	<u>\$ 13,165</u>	<u>\$ 7,536</u>	<u>\$ 11,239</u>

#### 5. Deferred revenue

	2020	2019
Sun Safety Council	\$ -	\$ 4,671
Peer2Peer Support	14,903	-
Gala 2021	39,922	-
Patient Education and Awareness	78,198	16,824
	<u>\$ 133,023</u>	<u>\$ 21,495</u>

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. Deferred Capital Funding

	2020	2019
Deferred capital contribution	\$ 4,526	\$ 4,526
Amortization of deferred capital contribution	(2,891)	(1,383)
	<u>\$ 1,635</u>	<u>\$ 3,143</u>

During the year, the Network received restricted funding for the purchase of a fixed asset. This funding has been deferred and will be amortized over the useful life of the underlying fixed asset.

#### 7. Government assistance

Included in other income in the period is government assistance in the form of Canadian Emergency Wage Subsidy (CEWS) totalling \$90,701 (2019 - \$Nil) and Canadian Emergency Rent Subsidy (CERS) totalling \$2,218 (2019 - \$Nil).



# Melanoma Network of Canada

## Notes to Financial Statements

### Year Ended December 31, 2020

---

#### 8. Allocation of expenses

Salaries and wages expense of \$284,665 (2019 - \$310,121) have been allocated as follows:

	2020	2019
Core operations	\$ 61,876	\$ 70,407
Fundraising	42,913	59,901
Education	179,876	179,813
	<hr/> \$ 284,665	<hr/> \$ 310,121

#### 9. Financial instruments

The Network's financial instruments consist of cash and cash equivalents, accounts receivable, 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.

#### 10. Impact of COVID-19 pandemic

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, investments and future operations, which may also have a direct impact on the Network's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Network is not known at this time. Management is carefully monitoring the situation as developments occur.

