

Melanoma Network of Canada

Financial Statements

For the year ended December 31, 2019

Contents	Page
Independent Auditors' 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 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, 2019, 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, 2019, 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 private enterprises.

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, 2019 and net assets as at December 31, 2019.

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 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 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.

March 18, 2020
Burlington, Ontario

SB Partners LLP

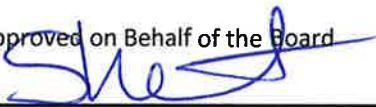
Chartered Professional Accountants
Licensed Public Accountants

Melanoma Network of Canada
Statement of Financial Position
December 31, 2019

Assets		
	2019	2018
Current assets		
Cash and cash equivalents	\$ 169,242	\$ 199,260
Restricted cash (Note 5)	21,495	65,672
Investment in guaranteed investment certificate	355,730	252,674
Accounts receivable	14,000	10,276
Prepays and deposits	26,281	4,488
H.S.T recoverable	22,010	18,158
	608,758	550,528
Long-term investment	-	100,000
Capital assets (Note 4)	11,239	2,957
	\$ 619,997	\$ 653,485

Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 28,865	\$ 25,498
Deferred revenue (Note 5)	21,495	65,672
	50,360	91,170
Deferred capital contribution	3,143	-
	\$ 53,503	\$ 91,170

Net Assets		
Unrestricted	\$ 566,494	\$ 562,315
	566,494	562,315
	\$ 619,997	\$ 653,485

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, 2019

	Unrestricted	2019	2018
Balance, beginning of year	\$ 562,315	\$ 562,315	\$ 566,294
Net excess (deficit) of revenue over expenditures	4,179	4,179	(3,979)
Balance, end of year	\$ 566,494	\$ 566,494	\$ 562,315

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



Melanoma Network of Canada

Statement of Operations

Year Ended December 31, 2019

	2019	2018
Revenue		
Corporate contributions	\$ 348,815	\$ 172,028
Fundraising events and donations	484,026	438,315
General donations	74,981	80,701
Interest income	7,725	5,062
	915,547	696,106
Expenditures		
Amortization	5,145	1,260
Automobile, travel and conferences	16,280	14,568
Donation processing fees	6,294	4,157
Education and public awareness	482,615	326,942
Fundraising materials, media and venues	229,212	215,634
Insurance	4,426	2,607
Office and general	101,742	60,696
Professional fees	23,944	24,165
Rent	25,569	25,725
Research grant	-	10,000
Website	16,141	14,331
	911,368	700,085
Net excess (deficit) of revenue over expenditures	\$ 4,179	\$ (3,979)

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



Melanoma Network of Canada

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
Cash flows from operating activities		
Net excess of revenue over expenditures	\$ 4,179	\$ (3,979)
Amounts not involving cash		
Amortization of capital assets	5,145	1,260
Accrued investment income	(3,056)	(297)
	6,268	(3,016)
Net change in accounts receivable	(3,724)	(72)
Net change in accounts payable and accrued liabilities	3,367	(12,967)
Net change in deferred revenues	(44,177)	30,672
Net change in prepaids and deposits	(21,793)	247
Net change in H.S.T. recoverable	(3,852)	(8,557)
Deferred capital contribution	3,143	-
Cash flows from (used in) operating activities	(60,768)	6,307
Cash flows from investing activities		
Purchase of capital assets	(13,427)	-
Redemption of guaranteed investment certificates	251,485	351,485
Purchase of guaranteed investment certificates	(251,485)	(351,485)
Cash flows used in investing activities	(13,427)	-
Net increase (decrease) in cash and cash equivalents	(74,195)	6,307
Cash and cash equivalents, beginning of year	264,932	258,625
Cash and cash equivalents, end of year	\$ 190,737	\$ 264,932
Cash and cash equivalents consist of:		
Bank	\$ 169,242	\$ 199,260
Restricted cash	21,495	65,672
	\$ 190,737	\$ 264,932

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



Melanoma Network of Canada

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019

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.

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 \$8,720 (2018 - \$9,652.36). 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	2019	2018
Computer equipment	\$ 14,672	\$ 5,060	\$ 9,612	\$ 415
Furniture and fixtures	4,233	2,606	1,627	2,542
	<u>\$ 18,905</u>	<u>\$ 7,666</u>	<u>\$ 11,239</u>	<u>\$ 2,957</u>



Melanoma Network of Canada
Notes to Financial Statements
Year Ended December 31, 2019

5. Deferred revenue

	2019	2018
Sun Safety Council	\$ 4,671	\$ 51,302
Booklets	-	11,300
Gala 2019	-	3,070
Patient Education and Awareness	16,824	-
	\$ 21,495	\$ 65,672

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

	2019	2018
Deferred capital contribution	\$ 4,526	\$ -
Amortization of deferred capital contribution	(1,383)	-
	\$ 3,143	\$ -

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. Commitments

The Network entered into an agreement to lease office space up until July 31, 2020. The Network has a remaining commitment of \$15,029 in the year ending December 31, 2020.

8. Allocation of expenses

Salaries and wages expense of \$310,121 (2018 - \$284,447) have been allocated as follows:

	2019	2018
Core operations	\$ 70,407	\$ 48,181
Fundraising	59,901	51,102
Education	179,813	185,164
	\$ 310,121	\$ 284,447

