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MICHAEL CUCCIONE FOUNDATION

A Private Foundation

FINANCIAL STATEMENTS

December 31, 2016

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**GALLOWAY
BOTTESELLE
& COMPANY**

Independent member firm of

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** Professional Corporation*

REVIEW ENGAGEMENT REPORT

To the members of **Michael Cuccione Foundation:**

We have reviewed the statement of financial position of Michael Cuccione Foundation as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Foundation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

In common with many charitable organizations, the Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to this revenue, excess of revenue over expenses, assets or net assets.

Based on our review, except for the effect of adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Galloway Botteselle & Company

Chartered Professional Accountants
Vancouver, BC
June 19, 2017

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MICHAEL CUCCIONE FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2016

Unaudited - see review engagement report

	2016	2015
Revenues		
Annual gala	\$ 318,080	331,727
Donations	176,423	78,826
Foreign currency exchange gain (loss)	(6,620)	10,107
Fundraising events	407,183	438,092
Government grants	100,000	-
Interest	7,984	8,573
	<u>1,003,050</u>	<u>867,325</u>
Expenses		
Advertising and promotion	17,015	11,656
Amortization	272	372
Annual gala	52,121	64,315
Bad debts (recovery)	(200)	5,000
Bank charges and interest	6,616	8,625
Community support	5,434	16,580
Fundraising events	126,460	184,853
Insurance	1,282	3,810
Office	3,953	5,349
Professional services	5,275	4,386
Telephone	2,049	2,204
Travel	1,462	1,074
Wages and benefits	28,938	27,099
Website and social media	15,513	21,138
	<u>266,190</u>	<u>356,461</u>
Excess of revenue over expenses before distribution of funds	736,860	510,864
Distribution of Funds		
Donations to qualified donees	502,000	467,500
Research costs	-	93,000
	<u>502,000</u>	<u>560,500</u>
Excess of revenue over expenses/distributions	234,860	(49,636)
Net assets, beginning of year	1,003,390	1,053,026
Net assets, end of year	<u>\$ 1,238,250</u>	<u>1,003,390</u>

See accompanying notes

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF FINANCIAL POSITION

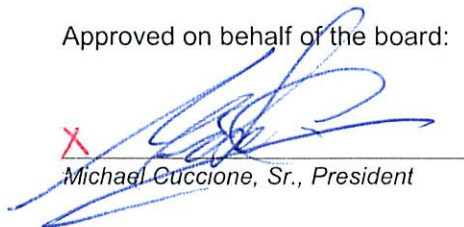
As at December 31, 2016

Unaudited - see review engagement report

	2016	2015
ASSETS		
Current		
Cash and equivalents	\$ 115,536	63,619
Term deposits	840,393	782,097
Accounts receivable (Note 3)	74,428	64,472
Prepaid expenses	1,689	1,689
	<u>1,032,046</u>	<u>911,877</u>
Investments (Note 4)	216,094	97,214
Capital assets (Note 5)	941	1,213
	<u>\$ 1,249,081</u>	<u>1,010,304</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 10,831	6,914
NET ASSETS	<u>1,238,250</u>	<u>1,003,390</u>
	<u>\$ 1,249,081</u>	<u>1,010,304</u>

See accompanying notes

Approved on behalf of the board:


X
Michael Cuccione, Sr., President


X
John Audia, Vice President

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

Unaudited - see review engagement report

	2016	2015
CASH FLOWS FROM:		
Operating activities		
Excess of revenue over expenses	\$ 736,860	510,864
Amortization	272	372
Accounts receivable	(9,956)	14,275
Prepaid expenses	(1)	(86)
Accounts payable and accrued liabilities	3,918	(1,729)
	731,093	523,696
Financing activities		
Donations	(502,000)	(467,500)
Research costs	-	(93,000)
	(502,000)	(560,500)
Investing activities		
Investments	(118,880)	(18,329)
	(118,880)	(18,329)
Net increase/decrease in cash	110,213	(55,133)
Cash, beginning of year	845,716	900,849
Cash, end of year	\$ 955,929	845,716

See accompanying notes

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Unaudited - see review engagement report

Note 1 Purpose of the organization

Michael Cuccione Foundation is incorporated under the Societies Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

The Foundation was formed to raise funds through bequests, gifts, donations and various fundraising activities and to expend or administer these funds for cancer research and for the use of children's hospitals located in Canada. In addition, it is also the purpose of the Foundation to raise cancer awareness in the community, to provide emotional support to cancer patients and their families, and to promote the foregoing purposes throughout Canada.

Note 2 Accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Assumptions are based on a number of factors, including historical experience, current events and actions that the Foundation may undertake in future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined.

Income taxes

As a registered charity under the Income Tax Act, the Foundation is exempt from paying income taxes.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Under this method, 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 recorded based on the accrual method.

Cash and equivalents

Cash and equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Term deposits

Term deposits include short-term investments with maturities of one year or less from their date of acquisition. They are subject to an insignificant risk to changes in their fair value.

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Unaudited - see review engagement report

Note 2 Accounting policies - continued

Foreign currency transactions

Monetary assets of the Foundation which are denominated in foreign currencies are translated at year end exchange rates. The resulting gains or losses are included in operations.

Financial instruments

The Foundation's financial instruments consist of cash and equivalents, term deposits, accounts receivable, non-marketable securities, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant credit, market, currency, or interest rate risks arising from these financial instruments.

Capital assets

Equipment is recorded at cost. Amortization is provided for using the following annual rates and methods:

	<u>Method</u>	<u>Rate</u>
Computer	Declining balance	30%
Equipment	Declining balance	20%

Note 3 Accounts receivable

	<u>2016</u>	<u>2015</u>
Accrued interest	\$ 3,743	2,999
Fundraising costs	69,680	60,871
Government agencies	1,005	602
	<u>\$ 74,428</u>	<u>64,472</u>

Note 4 Investments

	<u>2016</u>	<u>2015</u>
Non-marketable securities	\$ 100,000	-
Life insurance policy - cash surrender value	116,094	97,214
	<u>\$ 216,094</u>	<u>97,214</u>

Note 5 Capital assets

		<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2016 Net book value</u>	<u>2015 Net book value</u>
Computer	\$	5,742	(5,624)	118	185
Equipment		6,910	(6,088)	822	1,028
	\$	<u>12,652</u>	<u>(11,711)</u>	<u>941</u>	<u>1,213</u>

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Unaudited - see review engagement report

Note 6 Accounts payable and accrued liabilities

	<u>2016</u>	<u>2015</u>
Accounts payable	\$ 6,831	2,914
Accrued liabilities	<u>4,000</u>	<u>4,000</u>
	<u>\$ 10,831</u>	<u>6,914</u>

Note 7 Capital disclosures

The Foundation considers its net assets as its "capital" for the purposes of this disclosure. The Foundation's objective when managing its capital is to safeguard the entity's ability to continue as a going concern so that it can continue to raise and disburse funds for charitable purposes. The Foundation meets its objectives by monitoring available resources and matching its expenditures accordingly. To maintain its status as a registered charity under the Income Tax Act, the Foundation is required to expend its previous year's "disbursement quota", on its charitable programs in the current year. It has complied with this requirement.

Note 8 Financial risks

The Foundation is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Credit risk

The Foundation's exposure to credit risk consists principally of cash and equivalents and term deposits. The Foundation maintains cash and cash equivalents and term deposits with reputable and major financial institutions. Management considers the risk of non-performance of these instruments to be remote.

Market risk

Market risk is the risk that the fair value or future cash flows of the Foundation's financial instruments will fluctuate because of changes in market prices. Some of the Foundation's financial instruments expose it to this risk, which comprises currency risk and interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain cash and cash equivalents and term deposits are denominated in U.S. dollars. These balances are therefore subject to gain or losses due to fluctuations in that currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments.