

MICHAEL CUCCIONE FOUNDATION

A Not-for-Profit Organization

FINANCIAL STATEMENTS

December 31, 2018

GBCO



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of Michael Cuccione Foundation:

We have reviewed the accompanying financial statements of Michael Cuccione Foundation that comprise the statement of financial position 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Michael Cuccione Foundation as at December 31, 2018.

As required by the Societies Act (BC), we report that, in our opinion, the accounting principles used in preparing and presenting the financial statements are in accordance with Canadian accounting standards for non-for-profit organizations, and have been applied on a consistent basis with that of the preceding year.

Galloway Botteselle & Company

Chartered Professional Accountants
Vancouver, BC
May 17, 2019

**GALLOWAY
BOTTESELLE
& COMPANY**
Chartered Professional Accountants

Accounting for
what matters™

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2018

Unaudited - see review engagement report

	2018	%	2017	%
Revenue				
Government grants	\$ 1,000,000	55.7	\$ 1,000,000	51.9
Annual gala	322,438	18.0	324,563	16.8
Fundraising events	322,178	18.0	481,848	25.0
Donations	129,019	7.2	99,255	5.1
Interest income	18,370	1.0	25,340	1.3
Foreign currency exchange gain (loss)	2,718	0.2	(3,681)	(0.2)
	1,794,723	100.0	1,927,325	100.0
Expenditures				
Fundraising events	71,674	4.0	173,876	9.0
Annual gala	60,434	3.4	58,532	3.0
Wages and benefits	29,949	1.7	30,105	1.6
Travel	14,263	0.8	-	0.0
Community support	12,902	0.7	20,733	1.1
Advertising and promotion	6,228	0.3	19,150	1.0
Insurance	6,568	0.4	1,830	0.1
Bank charges	6,441	0.4	11,639	0.6
Office	5,412	0.3	7,195	0.4
Professional services	5,040	0.3	4,743	0.2
Telephone	2,932	0.2	2,780	0.1
Amortization	157	0.0	205	0.0
Website and social media	-	0.0	15,162	0.8
	222,000	12.4	345,950	17.9
Excess of revenue over expenditures before distribution of funds	1,572,723	87.6	1,581,375	82.1
Distribution of funds				
Donations to qualified donees	1,008,500	56.2	1,008,000	52.3
Excess of revenue over expenditures/distributions	564,223	31.4	573,375	29.7
Net assets, beginning of year	1,811,621		1,238,246	
Net assets, end of year	\$ 2,375,844		\$ 1,811,621	

See accompanying notes

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF FINANCIAL POSITION

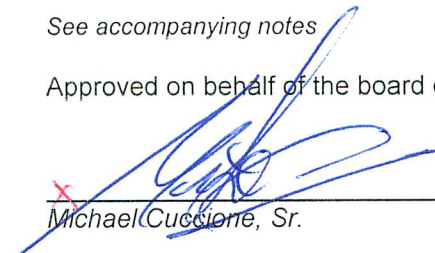
As at December 31, 2018

Unaudited - see review engagement report

	2018	2017
ASSETS		
Current		
Cash and cash equivalents	\$ 1,151,938	\$ 606,461
Term deposits	829,470	1,824,996
Accounts receivable (note 3)	59,140	53,887
Prepaid expenses	-	1,689
	2,040,548	2,487,033
Investments (note 4)	349,002	335,522
Capital assets (note 5)	578	736
	\$ 2,390,128	\$ 2,823,291
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 14,284	\$ 11,670
Deferred contributions (note 7)	-	1,000,000
	14,284	1,011,670
NET ASSETS	2,375,844	1,811,621
	\$ 2,390,128	\$ 2,823,291

See accompanying notes

Approved on behalf of the board of directors:



Michael Cuccione, Sr. President



John Audia Vice President

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

Unaudited - see review engagement report

	2018	2017
Cash used for:		
Operating activities		
Excess of revenue over expenditures	\$ 564,223	\$ 573,375
Adjustment for non-cash item:		
Amortization	157	205
	564,380	573,580
Net change in non-cash working capital items:		
Purchase and redemption of term deposits	995,526	-
Accounts receivable	(5,253)	20,540
Prepaid expenses	1,689	-
Accounts payable and accrued liabilities	2,614	835
Cash flows from operating activities	1,558,956	594,955
Financing activity		
Deferred grant revenues related to cancer research funding	(1,000,000)	1,000,000
Investing activities		
Purchase and redemption of term deposits	-	(1,008,903)
Purchase of investments	(13,479)	(119,428)
Cash flows from investing activities	(13,479)	(1,128,331)
Net increase in cash	545,477	466,624
Cash, beginning of year	606,461	139,837
Cash, end of year	\$ 1,151,938	\$ 606,461

See accompanying notes

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Unaudited - see review engagement report

1. Purpose of the organization

The Foundation, which is incorporated without share capital under the laws of Canada, is a registered Canadian charity and, as such, is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act (Canada).

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.

2. Summary of significant 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:

Revenue recognition

The Foundation follows the deferral method of accounting to account for contributions for not-for-profit organizations.

The Foundation receives donations largely from events and annual fundraising campaigns held throughout the year to support cancer research, fund cancer awareness and cancer support initiatives throughout Canada.

Unrestricted donations are recognized as revenue when received. Restricted donations are deferred and recognized as revenue in the year in which the related expenses are recognized.

Externally restricted grants that have not been expended are recorded as deferred revenue on the statement of financial position. Unrestricted grants are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

Interest income has been recorded directly into the statement of operations and recognition is based on the accrual method.

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, 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 the future, and other assumptions believed reasonable.

Donated services

The Foundation benefits from donated services in the form of volunteer work for various activities. The value of donated services is not recognized in the financial statements.

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Unaudited - see review engagement report

2. Summary of significant accounting policies — continued

Cash and cash 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

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

Investments

The Foundation accounts for its investments in private companies at cost. The Foundation carries a life insurance policy, which is presented at its cash surrender value.

Foreign currency transactions

Monetary assets and liabilities of the Foundation, which are denominated in foreign currencies are translated at year end exchange rates. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations

Financial instruments

Financial instruments are recorded at cost or amortized cost.

Financial assets measured at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there are indicators of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial assets. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realized by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the carrying value.

Capital assets

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

Computer	30% declining balance
Equipment	20% declining balance

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

Unaudited - see review engagement report

3. Accounts receivable

	2018	2017
Pledges receivable	\$ 51,255	\$ 38,740
Accrued interest	6,263	14,351
Government agencies	1,622	796
	\$ 59,140	\$ 53,887

4. Investments

	2018	2017
Investment in private company	\$ 200,000	\$ 200,000
Life insurance policy - cash surrender value	149,002	135,522
	\$ 349,002	\$ 335,522

5. Capital assets

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 6,910	\$ 6,384	\$ 526	\$ 658
Computer	5,742	5,690	52	78
	\$ 12,652	\$ 12,074	\$ 578	\$ 736

6. Accounts payable and accrued liabilities

	2018	2017
Accounts payable	\$ 9,738	\$ 7,104
Accrued liabilities	4,000	4,000
Due to government agency	546	566
	\$ 14,284	\$ 11,670

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7. Deferred contributions

Deferred revenue represents funding externally restricted for the expansion of clinical trials and childhood cancer research activities in future periods. Changes in deferred contributions are as follows:

	Balance, beginning of year	Recognized	Balance, end of year
BC Government grant	\$ 1,000,000	\$ (1,000,000)	\$ -

8. Financial risk management

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.

Currency risk

Currency risk is the risk that the fair value of 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 gains or losses due to fluctuations in that currency.

Credit risk

The Foundation's exposure to credit risks 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 of 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 the risk, which comprises currency risk and interest rate risk.