

MICHAEL CUCCIONE FOUNDATION

A Not-For-Profit Organization

FINANCIAL STATEMENTS

December 31, 2020

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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 ("the Foundation") that comprise the statement of financial position as at December 31, 2020, 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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Foundation derives revenues from fundraising activities and donations, the completeness of which are not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising and donations revenues, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at December 31 for both the 2020 and 2019 year ends. Our review on the financial statements as at and for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT — continued

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, 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 the Foundaton as at December 31, 2020 and the results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), 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 Botteville & Company

Chartered Professional Accountants
Vancouver, BC
June 24, 2021

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2020

Unaudited - see review engagement report

	2020	%	2019	%
Revenue				
Fundraising events	\$ 219,438	56.8	\$ 277,717	37.9
Donations	141,401	36.6	138,286	18.9
Interest income	26,164	6.8	24,176	3.3
Annual gala	-	0.0	294,526	40.2
Loss on disposal of capital assets	-	0.0	(578)	(0.1)
Foreign currency exchange gain (loss)	(710)	(0.2)	(1,953)	(0.3)
	386,293	100.0	732,174	100.0
Expenditures				
Wages and benefits	29,991	7.8	31,089	4.2
Fundraising events	25,889	6.7	65,116	8.9
Website and social media	14,539	3.8	15,602	2.1
Professional services	11,097	2.9	13,602	1.9
Office	10,131	2.6	11,538	1.6
Community support	7,564	2.0	17,028	2.3
Advertising and promotion	6,859	1.8	22,928	3.1
Bank charges	3,591	0.9	6,678	0.9
Telephone	2,782	0.7	2,319	0.3
Annual gala	94	0.0	62,305	8.5
Insurance	(671)	(0.2)	(9,579)	(1.3)
Bad debts (recovered)	(10,000)	(2.6)	35,900	4.9
	101,866	26.4	274,526	37.5
Excess of revenue over expenditures before distribution of funds	284,427	73.6	457,648	62.5
Distribution of funds				
Donations to qualified donees	258,269	66.9	1,077,500	147.2
Excess of revenue over expenditures/distributions	26,158	6.8	(619,852)	(84.7)
Net assets, beginning of year	1,755,992		2,375,844	
Net assets, end of year	\$ 1,782,150		\$ 1,755,992	

See accompanying notes

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

Unaudited - see review engagement report

	2020	2019
ASSETS		
Current		
Cash and cash equivalents	\$ 838,891	\$ 449,203
Term deposits	543,547	916,668
Accounts receivable (note 3)	16,062	30,047
Prepaid expenses	4,617	1,596
	1,403,117	1,397,514
Life insurance - cash surrender value	196,308	176,471
Investment in private corporation	200,000	200,000
	\$ 1,799,425	\$ 1,773,985
LIABILITY		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 17,275	\$ 17,993
NET ASSETS	1,782,150	1,755,992
	\$ 1,799,425	\$ 1,773,985

See accompanying notes

Approved:

Michael Cuccione, Sr. President

John Audia Vice President

MICHAEL CUCCIONE FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Unaudited - see review engagement report

	2020	2019
Cash used for:		
Operating activities		
Excess of revenue over expenditures	\$ 26,158	\$ (619,852)
Adjustments for non-cash items:		
Loss on sale of capital assets	-	578
Insurance - adjustment to cash surrender value	(2,267)	(9,899)
	23,891	(629,173)
Net change in non-cash working capital items:		
Purchase and redemption of term deposits	373,121	(87,198)
Accounts receivable	13,985	29,093
Prepaid expenses	(3,021)	(1,596)
Accounts payable and accrued liabilities	(718)	3,709
Cash flows from operating activities	407,258	(685,165)
Investing activity		
Life insurance and cash flows from investing activity	(17,570)	(17,570)
Net increase in cash and cash equivalents	389,688	(702,735)
Cash and cash equivalents, beginning of year	449,203	1,151,938
Cash and cash equivalents, end of year	\$ 838,891	\$ 449,203

See accompanying notes

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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.

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Unaudited - see review engagement report

2. Summary of significant accounting policies — continued

Investment in private corporation

The Foundation accounts for its investments in private companies at cost.

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.

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.

Life insurance

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

The Company initially measures its financial assets and liabilities at fair value. The Company subsequently measures all its financial assets and liabilities at cost or amortization cost.

Investments in shares of private companies are recorded at cost. Life insurance policies are carried at its cash surrender value. The Company's financial instruments consist of cash and cash equivalents, term deposits, accounts receivables, investment in private corporation, life insurance - cash surrender value, and accounts payable and accrued liabilities.

MICHAEL CUCCIONE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Unaudited - see review engagement report

3. Accounts receivable

	2020	2019
Accounts receivable	\$ 33,831	\$ 52,477
Accrued interest	5,560	12,007
Government agencies	2,571	1,463
Allowance for doubtful accounts	(25,900)	(35,900)
	\$ 16,062	\$ 30,047

4. Accounts payable and accrued liabilities

	2020	2019
Accounts payable	\$ 6,726	\$ 7,446
Accrued liabilities	10,000	10,000
Due to government agency	549	547
	\$ 17,275	\$ 17,993

5. 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. Managements 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.