

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION**

FINANCIAL STATEMENTS

JANUARY 31, 2011

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION**

JANUARY 31, 2011

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Morrissey & Company

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AUDITORS' REPORT

To the Members of the Canadian Cancer Society, Newfoundland & Labrador Division :

We have audited the accompanying financial statements of the **Canadian Cancer Society, Newfoundland & Labrador Division** (the "Division") which comprise the statement of resources at January 31, 2011 and the statements of financial activities, changes in resources 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 and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In common with many not-for-profit organizations, the Division derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, increase (decrease) in resources, assets and resources.

In our opinion, except for the effect of adjustments, if any, which 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, these financial statements present fairly, in all material respects, the financial resources of the **Canadian Cancer Society, Newfoundland & Labrador Division** as at January 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, NL
March 25, 2011

Morrissey & Company
Chartered Accountants

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
STATEMENT OF RESOURCES**

As At January 31,	2011	2010 (Note 16)
ASSETS		
	Total	Total
Current		
Cash - operating fund	\$ 54,112	\$ -
Cash - externally restricted fund	173,110	27,892
Accounts receivable (Note 8)	49,843	87,654
Prepaid expenses	<u>8,247</u>	<u>7,903</u>
	285,312	123,449
Long-term receivable (Note 8)	24,340	48,681
Other assets -- restricted (Notes 10 and 14)	38,232	14,732
Capital assets (Note 3)	<u>6,118,849</u>	<u>6,325,049</u>
	<u>\$ 6,466,733</u>	<u>\$ 6,511,911</u>
LIABILITIES		
Current		
Bank indebtedness - operating fund (Note 17)	\$ -	\$ 107,093
Accounts payable (Note 5)	174,832	415,855
Deferred revenue (Note 15)	100,000	10,226
Term loan (Note 7)	-	1,400,000
Due to related party (Note 7)	<u>140,000</u>	<u>-</u>
	414,832	1,933,174
Long-term		
Post-retirement benefits obligations other than pensions	118,328	110,779
Due to related party (Note 7)	<u>1,120,000</u>	<u>-</u>
	<u>1,653,160</u>	<u>2,043,953</u>
RESOURCES		
Operating Fund - unrestricted (Note 11)	(256,618)	(499,715)
Operating Fund - invested in capital assets	4,858,849	4,952,941
Externally restricted	173,110	-
Internally restricted (Note 14)	<u>38,232</u>	<u>14,732</u>
	<u>4,813,573</u>	<u>4,467,958</u>
	<u>\$ 6,466,733</u>	<u>\$6,511,911</u>
Commitments (Note 4)		
Contingencies (Note 9)		
On behalf of the Board:		
_____ Director		
_____ Director		
See accompanying notes		

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
STATEMENT OF FINANCIAL ACTIVITIES**

	Operating Fund – Unrestricted		Operating Fund – Invested in Capital Assets		Externally Restricted Fund	
	2011	2010 (Note 16)	2011	2010 (Note 16)	2011	2010 (Note 16)
Revenue						
Annual giving	\$ 417,217	\$ 428,631	-	-	-	-
Special events, gross revenue	431,193	408,995	-	-	-	-
Relay for Life	1,330,169	1,148,477	-	-	-	-
In memoriam	119,659	173,390	-	-	-	-
Major and planned gift	56,105	24,580	-	-	-	-
Lottery, gross revenue	-	1,641,176	-	-	-	-
Daffodil Place capital campaign	-	-	-	-	282,557	1,523,681
Gift in kind	49,061	59,072	-	-	-	50,100
Total fundraising revenue	<u>2,403,404</u>	<u>3,884,321</u>	-	-	<u>282,557</u>	<u>1,573,781</u>
Less direct fundraising costs	366,426	425,910	-	-	-	-
Less direct lottery costs	-	1,815,180	-	-	-	-
Net fundraising revenue	<u>2,036,978</u>	<u>1,643,231</u>	-	-	<u>282,557</u>	<u>1,573,781</u>
Other income	61,840	50,799	-	-	-	-
Gain on sale	-	-	-	88,816	-	-
Investment income	687	182	-	-	-	8,276
Daffodil Place lodge income	208,620	112,623	-	-	-	-
Total revenue	<u>2,308,125</u>	<u>1,806,905</u>	-	<u>88,816</u>	<u>282,557</u>	<u>1,582,057</u>
Expenditures						
Cancer control	160,604	230,000	-	-	-	-
Research	668,777	659,619	160,734	111,428	-	-
Support for people living with cancer	208,572	393,961	21,942	19,963	-	-
Information	137,606	230,575	8,757	6,343	-	-
Prevention	82,027	174,190	4,952	4,921	-	-
Advocacy	1,257,586	1,688,345	196,385	142,655	-	-
Supporting	514,636	606,122	32,650	19,084	5,682	218,913
Fundraising	230,360	128,390	7,340	1,805	428	16,477
Management and general	744,996	734,512	39,990	20,889	6,110	235,390
Total expenditures	<u>2,002,582</u>	<u>2,422,857</u>	<u>236,375</u>	<u>163,544</u>	<u>6,110</u>	<u>235,390</u>
Increase (decrease) in resources	<u>\$ 305,543</u>	<u>\$ (615,952)</u>	<u>\$(236,375)</u>	<u>\$ (74,728)</u>	<u>\$ 276,447</u>	<u>\$ 1,346,667</u>

3.

See Accompanying Notes

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
STATEMENT OF CHANGES IN RESOURCES**

Year Ended January 31,					2011	2010
	Operating Fund - unrestricted	Operating Fund - invested in capital assets	Externally restricted	Internally restricted	Total	Total
Resources balances, beginning of year	\$ (499,715)	\$4,952,941	\$ -	\$ 14,732	\$4,467,958	\$3,811,971
Increase (decrease) in resources	305,543	(236,375)	276,447	-	345,615	655,987
Interfund transfers (Note 14)	<u>(62,446)</u>	<u>142,283</u>	<u>(103,337)</u>	<u>23,500</u>	<u>-</u>	<u>-</u>
Resources balances, end of year	<u>\$ (256,618)</u>	<u>\$4,858,849</u>	<u>\$ 173,110</u>	<u>\$ 38,232</u>	<u>\$4,813,573</u>	<u>\$4,467,958</u>

See Accompanying Notes

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
STATEMENT OF CASH FLOWS**

Year Ended January 31,	2011	2010
Operating activities		
Increase in resources	\$ 345,615	\$ 655,987
Items not involving cash		
Amortization of capital assets	206,200	158,744
Gain on sale of capital assets	-	(88,816)
Post-retirement benefits obligations	7,549	45,478
Change in non-cash working capital	<u>(112,941)</u>	<u>(135,035)</u>
Cash flows from operating activities	<u>446,423</u>	<u>636,358</u>
Financing activities		
Repayment of credit facility	-	(1,428,312)
Repayment of term loan	(1,400,000)	-
Increase in due to related party	<u>1,260,000</u>	<u>1,400,000</u>
Cash flows used in financing activities	<u>(140,000)</u>	<u>(28,312)</u>
Investing activities		
Capital asset additions	-	(1,385,626)
Decrease in long-term investment	-	32,202
Proceeds from sale of capital assets	<u>-</u>	<u>360,000</u>
Cash flows used in investing activities	<u>-</u>	<u>(993,424)</u>
Increase (decrease) in cash	306,423	(385,378)
(Bank indebtedness) cash, as at beginning of year	<u>(79,201)</u>	<u>306,177</u>
Cash (bank indebtedness), as at end of year	<u>\$ 227,222</u>	<u>\$ (79,201)</u>
Represented by:		
Cash - operating fund	\$ 54,112	\$ -
Cash - externally restricted fund	173,110	27,892
Bank indebtedness - operating fund	<u>-</u>	<u>(107,093)</u>
	<u>\$ 227,222</u>	<u>\$ (79,201)</u>

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

1. Purpose of the Organization

The Canadian Cancer Society (the "Society") is a registered charity incorporated under the *Canada Corporations Act* as a not-for-profit organization without share capital. The Society is a national, community-based organization of volunteers, whose mission is the eradication of cancer and the enhancement of the quality of life of people living with cancer. The Society, in collaboration with its research arm, the Canadian Cancer Society Research Institute, achieves its mission through programs of research, public education, patient services and advocacy for healthy public policy. These efforts are supported by volunteers and staff and funds raised in communities across Canada.

These financial statements reflect the activities of the Canadian Cancer Society, Newfoundland & Labrador Division (the "Division"), being one of ten divisions of the Canadian Cancer Society. The Division is a registered charity under the *Income Tax Act*.

2. Summary of significant accounting policies

(a) Basis of presentation

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures for the year. Actual results could differ from those estimates.

(b) Fund accounting

The Division follows the restricted fund method of accounting for contributions.

During fiscal 2008, the Daffodil Place public campaign was launched. The Division established an externally restricted fund to account for the campaign's revenue and expenditures and the capital costs of Daffodil Place. During fiscal 2010, Daffodil Place became operational and the capital costs were transferred to the operating fund.

The operating fund accounts for the Division's program delivery and administrative activities.

Invested in capital assets represent resources that have been invested in capital assets.

Unrestricted resources consist of resources available for the Division's research, support for people living with cancer, information, prevention, advocacy, fundraising and management and general activities.

Externally restricted resources represent contributions specifically restricted for the construction of Daffodil Place.

Internally restricted resources represent funds that have been set aside to support future pension contributions, as described in Notes 10 and 14.

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

2. Summary of significant accounting policies (continued)

- (c) Revenues and expenditures
 - (i) Revenue

Revenue from campaign, in-memoriam donations, and other income are recognized on a cash basis, with no accrual being made for amounts pledged but not received.

Special events revenue is recognized on completion of the event.

Investment income is recognized on an accrual basis.

Revenue from lotteries is recognized upon completion of the lottery.

The Division is the beneficiary under various wills and trust agreements. The total realizable amounts are not at present readily determinable. The Division recognizes such bequests when the proceeds are received.

Proceeds from life insurance policies and life annuities which vest irrevocably with the Division are recognized as revenue when the proceeds are received.

- (ii) Expenditures

Expenditures are charged to cancer control priorities which include research, support for people living with cancer, prevention, information, advocacy as well as fundraising or management and general according to the activity that they benefit.

Certain expenditures benefit more than one cancer control priority and, accordingly, are prorated on a predetermined basis. A policy exists that enforces annual review and approval of the basis of allocation for all expenditures. The predetermined basis of allocation may be revised according to circumstances prevailing at any given time.

Management and general expenditures are incurred to operate the organization and its programs in a cost-effective manner while maximizing all opportunities to further the Division's mission. The Division allocates certain of its management and general expenditures to the priorities of cancer control or to fundraising by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. Corporate governance expenses including corporate level strategic planning, compliance and regulatory reporting and corporate financial reporting are not allocated. Other management and general expenditures are allocated on the basis of full-time equivalents.

Research:

Research includes the funding of research, education related to research and other related similar and unique programs or activities.

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

2. Summary of significant accounting policies (continued)

(ii) Expenditures (continued)

Advocacy:

Advocacy involves the application of resources to effect systemic changes that shape the way people live. Advocacy intentionally influences decisions makers and promotes positive change related to such issues as tobacco control, health systems reform, cancer research, service access, diversity and prevention, as well as to specific issues.

Prevention:

Programs and activities under this priority are related to stopping cancer before it starts and developing strategies to reduce the risk of developing cancer. A program or service in this category consists of an organized group or set of activities designed to achieve changes in risk behavior.

Information:

Information involves providing cancer information to residents of the Province to increase knowledge and raise awareness. It includes activities such as the Cancer Information Service, the website and the distribution of materials designed to provide information related to exercise, occupational and/or environmental carcinogens, sun safety, quality of life and other related similar and unique programs or activities.

Support for people living with cancer:

Support for people living with cancer involves providing services or programs to people living with cancer - whether patient, family or friend. A program or service consists of an organized group or set of activities designed to achieve improved quality of life. Services provided by Daffodil Place are included as support.

Fundraising:

Fundraising expenses are incurred in the generation of donation revenue to provide the means to further the Division's mission. Included in fundraising expenses are costs related to direct response, special events, in memoriam and gift planning activities, and the Daffodil Place campaign.

Management and general:

Management and general expenses are incurred to operate the Division and its programs in a cost-effective manner while maximizing all opportunities to further the Division's mission. Management and general costs that relate specifically to the priorities of cancer control, except research, or to fundraising are allocated to these respective expenditure categories.

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

2. Summary of significant accounting policies (continued)

(d) Capital assets

Capital assets purchased by the Division are recorded at cost and those donated to the Division are recorded at their fair market value at the date of acquisition when fair market value can be reasonably estimated. Capital assets are amortized on a straight-line basis over the following periods:

Buildings	- 40 years
Leasehold improvements	- 5 years
Furniture and fixtures	- 4 years
Office and equipment	- 3 years

(e) Employee future benefit plans

Pension Plan:

Effective January 1, 2007, the Society amended its pension plan to reflect a plan design change, to incorporate a defined contribution provision and a defined benefit provision. Employer contributions to the defined benefit and defined contribution provisions for the period were \$49,658 (2010 - \$65,547), in total.

Based on the December 31, 2009 actuarial valuation, there were unfunded liabilities of \$11.6 million and a solvency deficiency of \$17.7 million nationally with respect to the Society's defined benefit pension plan. The Society is making the required amortization payments to fund the unfunded liability and the solvency deficiency. A portion of this total is attributable to the Newfoundland and Labrador Division.

Post-Retirement Benefits:

The last actuarial valuation of post-retirement benefits other than pensions was performed as at January 31, 2009. The next actuarial valuation will have to be performed no later than January 31, 2012.

The significant actuarial assumptions adopted in measuring the Society's accrued benefit obligations for both pension and post-retirement benefits are as follows:

Accrued benefit obligations, pension and post-retirement benefits:

Discount rate	5.25%
Rate of compensation increase	3.5%

Pension and benefit costs:

Discount rate	5.25%
Rate of compensation increase	3.5%

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

2. Summary of significant accounting policies (continued)

Increase in health care costs is assumed to be as follows:

Prescription drugs	10% in 2010 declining to 6% in 2029
Hospital, dental care and other covered expenses	5% in 2010 declining to 3% in 2029
Vision care	No increase

(f) Volunteer services

The Division's programs benefit substantially from services in the form of volunteer time. The value of these services is not recorded in these financial statements.

(g) Financial assets and liabilities

The Division classifies its cash as financial assets held for trading. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, each of which is measured on an amortized cost basis.

Assets or liabilities held for trading

Financial instruments classified as assets or liabilities held for trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in income in the period during which the change occurs.

Loans and receivables and other financial liabilities

Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost. Interest income or expense is included in income over the expected life of the instrument.

(h) Cash

The Division's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently, from being positive to overdrawn and temporary investments with a maturity period of twelve months or less from the date of acquisition.

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

3. Capital assets

	Cost	Accumulated Amortization	Net 2011	Net 2010
Leasehold improvements	\$ 23,864	\$ 23,864	\$ -	\$ 353
Furniture and fixtures	28,490	23,407	5,083	8,654
Computers and equipment	<u>87,429</u>	<u>85,417</u>	<u>2,012</u>	<u>5,933</u>
	139,783	132,688	7,095	14,940
Daffodil Place				
Land	640,000	-	640,000	640,000
Buildings	5,561,680	208,560	5,353,120	5,492,160
Furniture and fixtures	<u>237,265</u>	<u>118,631</u>	<u>118,634</u>	<u>177,949</u>
	<u>\$ 6,578,728</u>	<u>\$ 459,879</u>	<u>\$ 6,118,849</u>	<u>\$ 6,325,049</u>

During 2011, no capital assets were donated to the Division for Daffodil Place. In the prior year, capital assets valued at \$50,100 were donated. Amortization expense for the year was \$206,200 (2010 - \$158,744).

4. Commitments

Office premises and equipment:

The Division has entered into various lease arrangements for office premises and equipment. The following are the approximate lease payments required, exclusive of operating expenses, for the duration of existing long-term leases:

2012	\$ 64,356
2013	48,280
2014	31,959
2015	18,080

Cancer research:

The Division has committed \$148,000 for fiscal 2012 to fund cancer research conducted by the Canadian Cancer Society Research Institute.

5. Related party transactions

The Division has entered into related party transactions with various provincial divisions as well as National Office throughout the year. National Office includes research, support for operations, cancer information services, development of the national integrated website and support of online fundraising. The following related party transactions are included in revenues and expenditures:

	2011	2010
Revenue	\$ 33,703	\$ 42,394
Expenditures	340,170	501,285

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

5. Related party transactions (continued)

At year end, the amounts due to related parties included in accounts payable are as follows:

	2011		2010
National	\$ 5,487	\$	31,257
Other Provincial Divisions	2,008		240

As described in Note 7, the Division has arranged a term loan with another division of the Canadian Cancer Society.

These transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

6. Financial instruments

The fair value of the Division's cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amount because of the short maturity of these instruments.

The fair value of the Division's due to related party balance is considered to approximate fair value.

The Division has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and market risk.

(a) Credit risk

The carrying value of the Division's main financial assets represents the maximum credit risk to which the Division is exposed.

The Division's credit risk is due mainly to its accounts receivable. The Division believes that its accounts receivable credit risk is limited due to nature of its receivable balances.

(b) Liquidity risk

As outlined in Note 11, the Division considers that it has access to sufficient funds available to meet its current and long-term financial needs.

(c) Market risk

The Division is exposed to interest rate risk on its variable-interest financial instruments. Fixed-interest instruments subject the Division to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

**CANADIAN CANCER SOCIETY,
NEWFOUNDLAND & LABRADOR DIVISION
NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

7. Term loans

	2011	2010
(a) Bank of Nova Scotia, term loan at 2.17% repayable in quarterly principal payments of \$35,000 maturing in January of 2011. Interest is calculated and paid quarterly.	\$ -	\$ 1,400,000
(b) Unsecured term loan with another division of the Canadian Cancer Society at a rate of 3.44%, repayable in quarterly principal payments of \$35,000 maturing in January of 2013 with a nine year amortization period. Interest is calculated and paid quarterly.	<u>1,260,000</u>	<u>-</u>
	1,260,000	1,400,000
Less current portion	<u>(140,000)</u>	<u>(1,400,000)</u>
	<u>\$ 1,120,000</u>	<u>\$ -</u>

Interest expense incurred during the year was \$30,175 (2010 - \$22,188).

The funds from the issuance of the term loan with another division of the Canadian Cancer Society were used to replace the term loan from the Bank of Nova Scotia when it became due in January of 2011.

Principal repayments for each of the next three fiscal years are estimated as follows:

2012 - \$140,000; 2013 - \$140,000; and 2014 - \$980,000

8. Lotteries

The Division conducts charitable lotteries in accordance with provincial regulations. The net proceeds are used by the Division for mission-related expenditures.

The Division conducted its fall 2009 lottery in partnership with another local not-for-profit organization. This organization agreed to share in the loss of the lottery by contributing \$173,021 of revenue. At January 31, 2011, the Division has received \$124,340 of this revenue with the remaining balance to be paid in two annual installments of \$24,341 in December of 2011 and 2012. Of the total outstanding balance of \$48,681, \$24,341 is included in current accounts receivable with the balance of \$24,340 shown as a long-term receivable.

9. Contingencies

The Society and the Division are party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not materially affect the Division's financial position.

**CANADIAN CANCER SOCIETY,
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January 31, 2011

10. Other assets

The Division has set aside funds to support future pension contributions. These funds are invested in short-term bonds.

11. Capital management

The capital managed by the Division has traditionally been composed of net assets and the Division's various credit facilities (Note 7 and Note 17).

During 2010, the Division completed construction of Daffodil Place, a 24-suite lodge for people who must travel to St. John's for cancer treatment. As with any capital campaign, donations were pledged over a number of years. Consequently, not all funds were collected in time to cover the capital costs of the project. The Division subsequently obtained financing (Note 7) to cover the capital costs and has pledges from donors to cover the costs of servicing these credit facilities. However, in accordance with applicable accounting standards, these pledges have not been recorded in the Division's financial statements.

Additionally, in fiscal 2011 the Division undertook a significant review of its programs and services in order to identify areas of opportunities for cost savings. Substantial savings were realized in the Division's operations and a plan has been put in place to continue operating in a prudent, cost effective manner. The Division has the full support of the Canadian Cancer Society's National Board through the provision of a guarantee on the new financing. The Division is confident that with the continued support of the National Board, volunteer community and donors, it will continue to offer quality programs and services in the Province to cancer patients and their families.

12. Allocation of expenses

Management and general expenses including human resources, finance, and information technology totalling \$146,938 (2010 - \$234,461) have been allocated as follows:

	2011	2010
Support	\$ 58,646	\$ 76,719
Prevention	10,348	23,573
Information	16,297	41,185
Advocacy	6,149	17,822
Fundraising	38,693	62,208
Management and general	<u>16,805</u>	<u>12,954</u>
	<u>\$ 146,938</u>	<u>\$ 234,461</u>

Fundraising expenditures are not allocated.

13. Imagine Canada's ethical fundraising and financial accountability disclosure

	2011	2010
Total fundraising revenue	\$ 2,685,961	\$ 5,458,102
Total donations receipted for income tax purposes	1,559,250	2,820,655
Government grants and contributions	60,524	125,219
Total designated donations	315,321	1,566,883
Total expenditures on charitable activities	1,453,971	1,831,000
Total fundraising expenses	919,394	3,085,210

Total fundraising revenue and expenses in 2010 includes revenues of \$1,641,176 and expenses of \$1,815,180 related to the Division's fall 2009 cash lottery.

**CANADIAN CANCER SOCIETY,
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NOTES TO THE FINANCIAL STATEMENTS**

January 31, 2011

14. Interfund transfers

During the year, an amount of \$23,500 was transferred to the internally restricted fund to support future pension contributions. Additionally, \$140,000 was transferred to the operating fund as amounts invested in capital assets in relation to principal loan payments made by the externally restricted fund. Other transfers relating to interest payments and other miscellaneous items were made between the operating fund and the externally restricted fund.

15. Deferred revenue

In January of 2011, the Division received \$100,000 from the government of Newfoundland and Labrador through its newly released Cancer Care Strategy "Gaining Grounds" - A Provincial Cancer Control Policy Framework for Newfoundland and Labrador. These funds are to be used to establish the Education Coordination-Volunteer Engagement and Support program. The division expects to recognize all of this deferred balance in fiscal 2012 when the related expenses are incurred.

In fiscal 2010 the Division had deferred \$10,226 relating to its Relay for Life program until the event was held in February of 2010.

16. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

17. Credit facilities

In fiscal 2010, the Bank of Nova Scotia made available to the Division an authorized amount of \$500,000 in the form of an overdraft credit facility. This facility has been made available for general operating activities. Interest is payable monthly at the Bank of Nova Scotia's prime lending rate.

Security for the line of credit includes general security, a bankers' acceptance agreement, a negative pledge agreement, and the Canadian Cancer Society national board resolutions authorizing the borrowing. The credit facility is in the name of the national Canadian Cancer Society. Funds are advanced directly to the Canadian Cancer Society, Newfoundland and Labrador Division. The Division will directly repay funds advanced for its benefit.