

FINANCIAL STATEMENTS
For
CANADIAN GENERAL SURGERY FOUNDATION
For year ended
DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the directors of

CANADIAN GENERAL SURGERY FOUNDATION*Qualified Opinion*

We have audited the financial statements of Canadian General Surgery Foundation (the "Foundation") which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's 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 generally accepted auditing standards, 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 Foundation'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 Foundation'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 Foundation 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.

WELCH LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
September 19, 2023.

CANADIAN GENERAL SURGERY FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 139,610	\$ 118,442
Short-term investments - note 4	168,647	185,129
Due from Canadian Association of General Surgeons - note 5	80,050	-
Government rebates receivable	<u>878</u>	<u>1,079</u>
	<u>\$ 389,185</u>	<u>\$ 304,650</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 12</u>	<u>\$ 187</u>
NET ASSETS		
Unrestricted	289,173	304,463
Externally restricted - CSSO Research Fund - note 6	<u>100,000</u>	<u>-</u>
	<u>389,173</u>	<u>304,463</u>
	<u>\$ 389,185</u>	<u>\$ 304,650</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

CANADIAN GENERAL SURGERY FOUNDATION
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	2022			2021
	Unrestricted	Externally restricted	Total	Total
REVENUE				
Donations - note 5	\$ 8,211	\$ 100,000	\$ 108,211	\$ 12,652
Grants - note 5	80,000	-	80,000	80,000
Investment income (loss)	<u>(13,399)</u>	<u>-</u>	<u>(13,399)</u>	<u>12,454</u>
	<u>74,812</u>	<u>100,000</u>	<u>174,812</u>	<u>105,106</u>
EXPENSES				
Grants	80,000	-	80,000	39,950
Professional fees	4,111	-	4,111	3,785
Software	3,118	-	3,118	-
Investment management	2,834	-	2,834	2,139
Office	<u>39</u>	<u>-</u>	<u>39</u>	<u>25</u>
	<u>90,102</u>	<u>-</u>	<u>90,102</u>	<u>45,899</u>
NET REVENUE (EXPENSES)	(15,290)	100,000	84,710	59,207
NET ASSETS, BEGINNING OF YEAR	<u>304,463</u>	<u>-</u>	<u>304,463</u>	<u>245,256</u>
NET ASSETS, END OF THE YEAR	<u>\$ 289,173</u>	<u>\$ 100,000</u>	<u>\$ 389,173</u>	<u>\$ 304,463</u>

(See accompanying notes)

CANADIAN GENERAL SURGERY FOUNDATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN)		
OPERATING ACTIVITIES		
Net revenue (expenses) - unrestricted	\$ (15,290)	\$ 59,207
- externally restricted	<u>100,000</u>	<u>-</u>
	84,710	59,207
Adjustments for:		
Loss (gain) on sale of short-term investments	745	(438)
Unrealized loss (gain) on short-term investments	<u>18,236</u>	<u>(6,799)</u>
	103,691	51,970
Changes in non-cash working capital components:		
Due from Canadian Association of General Surgeons	(80,050)	4,240
Government rebates receivable	201	1,926
Accounts payable and accrued liabilities	<u>(175)</u>	<u>37</u>
	<u>23,667</u>	<u>58,173</u>
INVESTING ACTIVITIES		
Proceeds from sale of short-term investments	16,321	15,718
Purchases of short-term investments	<u>(18,820)</u>	<u>(18,610)</u>
	<u>(2,499)</u>	<u>(2,892)</u>
INCREASE IN CASH	21,168	55,281
CASH AT BEGINNING OF YEAR	<u>118,442</u>	<u>63,161</u>
CASH AT END OF YEAR	\$ <u>139,610</u>	\$ <u>118,442</u>

(See accompanying notes)

CANADIAN GENERAL SURGERY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

The Canadian General Surgery Foundation (the "Foundation") is controlled by the Canadian Association of General Surgeons. The Foundation's mandate is to provide funds for research in the area of General Surgery in Canada. As such, the Foundation collects donations from various corporations and individuals.

The Foundation is a registered charity and as such is exempt from income tax under current legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Foundation follows the restricted fund method of accounting for donations. Unrestricted donations related to general operations are recognized as revenue of the general fund in the year in which the related expenses are incurred and if the amount to be received can be reasonably estimated and collection is reasonably assured. Any other restricted contributions are recognized as revenue of the appropriate restricted fund.

Investment income includes both realized and unrealized gains and losses and is recognized as revenue in the fund to which it relates as it is earned.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Management makes accounting estimates when determining the net realizable value of accounts receivable and in the determination of significant accrued liabilities. By their nature, these estimates are subject to uncertainty and the impact on the financial statements of the current and future periods could be material.

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures its financial assets and liabilities at amortized cost, except for cash and short-term investments which are measured at fair value. Adjustments to the fair value of short-term investments are included in investment income (loss) on the statements of operations and changes in net assets.

CANADIAN GENERAL SURGERY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2022

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments.

Credit risk

The Foundation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Foundation's maximum exposure to credit risk represents the sum of the carrying value of its cash, short-term investments, amount due from related party and government rebates receivable.

The Foundation's cash is deposited with a Canadian Chartered bank and its short-term investments are held by the investment arm of a Canadian Chartered bank. As a result, management believes the risk of loss on these items to be remote.

The Foundation's rebates receivable are from government for refundable sales tax and as a result management believes the risk of loss to be remote.

Management believes the risk of loss on the due from Canadian Association of General Surgeons balance to also be remote as the amount represents cash donations collected on behalf of the Foundation and results from a timing difference of when the funds are transferred to the Foundation.

Liquidity risk

Liquidity risk is the risk that the Foundation cannot meet its demand for cash or fund its obligations as they become due. The Foundation meets its liquidity requirements by preparing and monitoring forecasts of cash flow from operations, anticipating investment activities and holding assets that can be readily converted into cash.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in the value of the Canadian dollar with respect to other currencies.

Substantially all of the Foundation's transactions are in Canadian dollars and its short-term investments are all denominated in Canadian dollars. As a result, the Foundation is not subject to significant currency risk.

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Foundation is exposed to interest rate risk through its short-term investments.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Foundation is exposed to other price risk on its short-term investments.

Changes in risks

There have been no significant changes in the Foundation's risk exposures from the prior year.

CANADIAN GENERAL SURGERY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2022

4. **SHORT-TERM INVESTMENTS**

Short-term investments consist of the following:

	<u>2022</u>	<u>2021</u>
Fixed income funds and cash equivalents	\$ 107,494	\$ 111,033
Equity funds	<u>61,153</u>	<u>74,096</u>
	<u>\$ 168,647</u>	<u>\$ 185,129</u>

5. **RELATED PARTY TRANSACTIONS**

The Foundation is controlled by the Canadian Association of General Surgeons (the "Association").

The Association collects donations on behalf of the Foundation and transfers the funds to the Foundation. In the current year, the total collected and transferred amounted to \$8,211 (2021 - \$12,652). The Association also provided an \$80,000 grant (2021 - \$80,000) in the current year. As at December 31, 2022, the Association held funds due to the Foundation in the amount of \$80,050 (2021 - \$Nil).

All amounts due from the Association are non-interest bearing and due on demand.

6. **EXTERNALLY RESTRICTED - CSSO RESEARCH FUND**

During the year the Foundation received a donation in the amount of \$100,000 to establish the CSSO Research Fund within the Foundation. This initiative will focus on enhancing research capacity within the oncology community, by providing support scientific advancement led by Canadian surgical oncologists. As per the donor's instructions, the Foundation will award grants of \$20,000 for each of the next 5 years.