

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Vancouver, B.C.

FINANCIAL STATEMENTS

March 31, 2018

REVIEW ENGAGEMENT REPORT

To the Directors of Canadian Society of Intestinal Research:

We have reviewed the accompanying financial statements of Canadian Society of Intestinal Research that comprise the balance sheet as at March 31, 2018 and the statements of revenues and expenditures, changes in fund balance 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 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 Canadian Society of Intestinal Research as at March 31, 2018, 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.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

July 10, 2018

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Statement of Revenues and Expenditures

(unaudited)

For the year ended March 31, 2018

	2018	2017
	\$	\$
Revenues		
Fundraising		
Foundations and groups	4,849	103
Corporate and other	-	300
Individuals	615	295
	<u>5,464</u>	<u>698</u>
Gaming (Note 4)	50,167	26,246
Memberships	80	80
CSIR Endowment Fund income (Note 2)	1,214	2,293
Monkhouse Trust income (Note 3)	39,298	37,646
Interest income	2,447	2,385
Bequest	-	5,203
Reimbursement	965	1,006
Speaker honorarium	1,000	-
	<u>100,635</u>	<u>75,557</u>
Expenditures		
Support services and outreach, Schedule I (Note 6)	72,801	86,813
Fundraising	389	850
Governance and administration (Note 6)	19,962	21,479
Gifts to qualified donees (Note 6)	38,000	48,000
Premises rental	4,356	4,230
	<u>135,508</u>	<u>161,372</u>
Deficiency of revenues over expenditures	(34,873)	(85,815)

The accompanying notes are an integral part of these financial statements.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Statement of Changes in Fund Balance

(unaudited)

For the year ended March 31, 2018

	2018	2017
	\$	\$
Fund balance, beginning	346,513	432,328
Deficiency of revenues over expenditures	(34,873)	(85,815)
Fund balance, ending	311,640	346,513

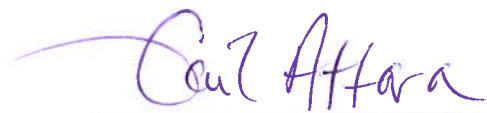
The accompanying notes are an integral part of these financial statements.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Balance Sheet
(unaudited)
March 31, 2018

	2018	2017
	\$	\$
Assets		
Current		
Cash and cash equivalents	328,468	379,394
Receivables	12,985	12,189
Prepaid expenses	11,561	22,026
	<u>353,014</u>	<u>413,609</u>
Property and equipment, Schedule 2	1,566	1,759
	<u>354,580</u>	<u>415,368</u>
Liabilities		
Current		
Payables and accruals	5,353	19,101
Deferred revenue contributions (Note 4)	37,587	49,754
	<u>42,940</u>	<u>68,855</u>
Fund Balance		
Unrestricted funds	311,640	346,513
	<u>354,580</u>	<u>415,368</u>

Approved by Directors:


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The accompanying notes are an integral part of these financial statements.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Statement of Cash Flows

(unaudited)

For the year ended March 31, 2018

	2018	2017
	\$	\$
Cash flows related to operating activities		
Deficiency of revenues over expenditures	(34,873)	(85,815)
Adjustment for item not affecting cash:		
Amortization	193	221
	(34,680)	(85,594)
Net change in deferred revenue contributions	(12,167)	11,754
Changes in non-cash working capital:		
Receivables	(796)	395
Prepaid expenses	10,465	(6,847)
Payables and accruals	(13,748)	16,141
	(50,926)	(64,151)
Net decrease in cash and cash equivalents	(50,926)	(64,151)
Cash and cash equivalents, beginning	379,394	443,545
Cash and cash equivalents, ending	328,468	379,394
Cash and cash equivalents represented by:		
Funds on deposit	74,056	126,248
Cashable guaranteed investment certificate	254,412	253,146
	328,468	379,394

The accompanying notes are an integral part of these financial statements.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Notes to the Financial Statements

(unaudited)

For the year ended March 31, 2018

The Canadian Society of Intestinal Research (the "Society") is a not-for-profit organization without share capital incorporated under the laws of British Columbia in 1976. The Society is a registered charity under the *Income Tax Act (Canada)* and is exempt from income taxes.

The Society provides information to patients, the public and medical professionals on gastrointestinal ("GI") diseases and disorders. The Society raises funds to support ongoing research in the GI field and issues grants to researchers at the University of British Columbia and its teaching hospitals, when funding permits.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

Cash and cash equivalents includes cash on deposit and short-term, highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

Property and Equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Computer equipment	- 30% declining balance
Computer software	- 100% declining balance
Office furniture	- 20% declining balance

except in the year of acquisition, at which time amortization is provided for at one-half the annual rate.

Revenue Recognition

The Society follows the deferral method of accounting for contributions, which includes donations and government grants. 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. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Bequests are recognized when received given the considerable uncertainty surrounding both the timing of the receipt and the amount that will actually be received. Donation pledges are not recorded since they are not legally enforceable claims. Event fees are recognized as revenue when the event is held. Ticket and raffle sales revenue is recognized at the point of sale. CSIR Endowment Fund and Monkhouse Trust investment income is recognized when received. Investment income on cash equivalents is recognized when earned.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Notes to the Financial Statements

(unaudited)

For the year ended March 31, 2018

Contributed Services

Contributed services from the efforts of volunteer workers are not recorded in the financial statements as no objective basis is available to measure the estimated fair value of services. However, a few volunteers have donated time to the Society.

Financial Instruments

Measurement of financial instruments

The Society measures its financial assets and financial liabilities at fair value at the acquisition date. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in excess or deficiency of revenues over expenditures when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of transaction costs directly attributable to the acquisition of the instrument.

The Society subsequently measures all of its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are assessed for indications of impairment at the end of each reporting period. When impairment is identified, the amount of the write-down is recognized as an impairment loss in excess or deficiency of revenues over expenditures. Previously recognized impairment losses are reversed when the extent of the impairment decreases, provided that the adjusted carrying amount is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess or deficiency of revenues over expenditures.

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 expenditures during the reporting period. Actual results could differ from those estimates.

2. CANADIAN SOCIETY OF INTESTINAL RESEARCH ENDOWMENT FUND

The Canadian Society of Intestinal Research Endowment Fund was established by the Society with a contribution of \$45,000 to the Vancouver Foundation in June 1992. Income is distributed periodically to the Society, while the capital of the Endowment Fund rests permanently with the Vancouver Foundation.

As at March 31, 2018, the market value of this endowment fund is \$65,753.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Notes to the Financial Statements

(unaudited)

For the year ended March 31, 2018

3. THE TED AND MAE MONKHOUSE TRUST

The Ted and Mae Monkhouse Trust was established directly by a donor with a contribution of \$887,462 to the Vancouver Foundation in December 2005. Income from the Trust, all of which is to be paid to the Society in perpetuity, is distributed periodically to the Society for use in British Columbia.

4. DEFERRED REVENUE CONTRIBUTIONS

Deferred revenue contributions represent unspent externally restricted provincial government funding received under the Community Gaming Grant. The change in the deferred revenue contributions balance was as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance, beginning	49,754	38,000
Grant received during the year	38,000	38,000
GST refund, gaming expenses	363	521
Recognized as a reduction of expenses	(363)	(521)
Recognized as revenue	(50,167)	(26,246)
Balance, ending	<u>37,587</u>	<u>49,754</u>

Deferred revenue contributions are to be used for support services and outreach expenditures.

5. FINANCIAL INSTRUMENTS

Items that meet the definition of a financial instrument include cash and cash equivalents, receivables (excluding GST), and payables and accruals. It is management's opinion that the Society is not exposed to significant liquidity risk, credit risk or market risk (including currency risk, interest rate risk and other price risk) arising from its financial instruments.

6. RELATED PARTY AND RELATED PARTY TRANSACTIONS

The Society is subject to significant influence by the GI (Gastrointestinal) Society / Société GI (Gastro-intestinale) (the "GI Society") as a result of having certain management and directors in common. The GI Society provides information to patients, the public and medical professionals on gastrointestinal diseases and disorders. The GI Society raises funds to support ongoing research in the gastrointestinal field and issues grants to researchers in Canada, when funding permits. The purposes of the Society and the GI Society are generally the same except that the GI Society has a broader, Canada-wide scope for research granting. The GI Society is a not-for-profit organization without share capital incorporated under the laws of Canada and is a registered charity under the *Income Tax Act (Canada)*.

During the year, the Society recorded personnel expenditures of \$34,911 (2016: \$37,372) for amounts paid to the GI Society. These amounts are included in 'Support services and outreach' and 'Governance and administration' in the statement of revenues and expenditures.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Notes to the Financial Statements

(unaudited)

For the year ended March 31, 2018

During the year, the Society gifted \$38,000 (2016: \$48,000) toward a staff position to support the growth of the GI Society.

7. COMMITMENTS

During 2014, the Society and GI Society jointly entered into an agreement to lease space for their shared premises, expiring in March 2019. The annual base rent, exclusive of operating costs, is as follows:

	\$
2019	<u>20,482</u>

The Society and GI Society had agreed that GI Society will be responsible for 90% of the total occupancy costs. On April 1, 2015, it was agreed that the Society would pay its share of the occupancy costs directly.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Schedule of Support Services and Outreach Expenditures

(unaudited)

For the year ended March 31, 2018

	SCHEDULE 1	
	2018	2017
	\$	\$
Community outreach and general education	4,512	8,111
Member services and website	4,264	3,705
Inside Tract® Newsletter	26,267	50,450
Patient information pamphlets	37,758	24,547
Total	72,801	86,813

The accompanying notes are an integral part of these financial statements.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Schedule of Property and Equipment

(unaudited)

For the year ended March 31, 2018

	SCHEDULE 2			
	Cost	Accumulated Amortization	Net Carrying Value	Current Amortization
	\$	\$	\$	\$
Computer Equipment				
Balance, March 31, 2017	849	764	85	
Additions	-	-	-	
Amortization	-	26	(26)	26
Balance, March 31, 2018	<u>849</u>	<u>790</u>	<u>59</u>	
Computer Software				
Balance, March 31, 2017 and March 31, 2018	<u>523</u>	<u>523</u>	<u>-</u>	
Office Furniture				
Balance, March 31, 2017	2,162	488	1,674	
Additions	-	-	-	
Amortization	-	167	(167)	167
Balance, March 31, 2018	<u>2,162</u>	<u>655</u>	<u>1,507</u>	
Totals	<u>3,534</u>	<u>1,968</u>	<u>1,566</u>	<u>193</u>

The accompanying notes are an integral part of these financial statements.