

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Vancouver, B.C.

FINANCIAL STATEMENTS

March 31, 2017

REVIEW ENGAGEMENT REPORT

To the Directors of Canadian Society of Intestinal Research:

We have reviewed the balance sheet of Canadian Society of Intestinal Research as at March 31, 2017 and the statements of revenues and expenditures, changes in fund balance and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 21, 2017

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Statement of Revenues and Expenditures

(unaudited)

For the year ended March 31, 2017

	2017	2016
	\$	\$
Revenues		
Fundraising		
Corporate and other	403	325
Individuals	295	1,889
	<u>698</u>	<u>2,214</u>
Gaming (Note 4)	26,246	42,891
Memberships	80	60
CSIR Endowment Fund income (Note 2)	2,293	2,265
Monkhouse Trust income (Note 3)	37,646	36,355
Interest income	2,385	761
Bequest	5,203	410,461
Reimbursement	1,006	-
	<u>75,557</u>	<u>495,007</u>
Expenditures		
Support services and outreach, Schedule I (Note 6)	86,813	63,998
Fundraising (Note 6)	850	4,710
Governance and administration	21,479	22,724
Gifts to qualified donees (Note 6)	48,000	-
Premises rental	4,230	4,376
	<u>161,372</u>	<u>95,808</u>
Excess (deficiency) of revenues over expenditures	<u>(85,815)</u>	<u>399,199</u>

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, 2017

	2017	2016
	\$	\$
Fund balance, beginning	432,328	33,129
Excess (deficiency) of revenues over expenditures	(85,815)	399,199
Fund balance, ending	346,513	432,328

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

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Balance Sheet

(unaudited)

March 31, 2017

	2017	2016
	\$	\$
Assets		
Current		
Cash and cash equivalents	379,394	443,545
Receivables	12,189	12,584
Prepaid expenses	22,026	15,179
	<u>413,609</u>	<u>471,308</u>
Property and equipment, Schedule 2	1,759	1,980
	<u>415,368</u>	<u>473,288</u>
Liabilities		
Current		
Payables and accruals	19,101	2,960
Deferred revenue contributions (Note 4)	49,754	38,000
	<u>68,855</u>	<u>40,960</u>
Fund Balance		
Unrestricted funds	346,513	432,328
	<u>415,368</u>	<u>473,288</u>

Approved by Directors:





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, 2017

	2017	2016
	\$	\$
Cash flows related to operating activities		
Excess (deficiency) of revenues over expenditures	(85,815)	399,199
Adjustment for item not affecting cash:		
Amortization	221	216
	<u>(85,594)</u>	<u>399,415</u>
Net change in deferred revenue contributions	11,754	(4,891)
Changes in non-cash working capital:		
Receivables	395	(2,457)
Prepaid expenses	(6,847)	(12,034)
Payables and accruals	16,141	45
	<u>(64,151)</u>	<u>380,078</u>
Cash flows related to investing activity		
Purchases of property and equipment	-	(775)
Net increase (decrease) in cash and cash equivalents	(64,151)	379,303
Cash and cash equivalents, beginning	443,545	64,242
Cash and cash equivalents, ending	379,394	443,545
Cash and cash equivalents represented by:		
Funds on deposit	126,248	93,545
Cashable guaranteed investment certificate	253,146	350,000
	<u>379,394</u>	<u>443,545</u>

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, 2017

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, 2017

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, 2017, the market value of this endowment fund is \$65,790.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Notes to the Financial Statements

(unaudited)

For the year ended March 31, 2017

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>2017</u>	<u>2016</u>
	\$	\$
Balance, beginning	38,000	42,891
Grant received during the year	38,000	38,000
GST refund, gaming expenses	521	244
Recognized as a reduction of expenses	(521)	(244)
Recognized as revenue	(26,246)	(42,891)
Balance, ending	<u>49,754</u>	<u>38,000</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 \$37,372 (2016: \$43,514) for amounts paid to the GI Society. These amounts are included in 'Support services and outreach' and 'Fundraising' in the statement of revenues and expenditures.

CANADIAN SOCIETY OF INTESTINAL RESEARCH

Notes to the Financial Statements

(unaudited)

For the year ended March 31, 2017

RELATED PARTY AND RELATED PARTY TRANSACTIONS (cont.)

During the year, the Society gifted \$48,000 (2016: \$nil) 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:

	\$
2018	20,482
2019	<u>20,482</u>
	<u>40,964</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, 2017

	SCHEDULE 1	
	2017	2016
	\$	\$
BadGut® Lectures	-	600
Community outreach and general education	8,111	4,892
Member services and website	3,705	5,067
Inside Tract® Newsletter	50,450	28,744
Patient information pamphlets	24,547	24,695
Total	86,813	63,998

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, 2017

	SCHEDULE 2			
	Cost	Accumulated Amortization	Net Carrying Value	Current Amortization
	\$	\$	\$	\$
Computer Equipment				
Balance, March 31, 2016	849	728	121	
Additions	-	-	-	
Amortization	-	36	(36)	36
Balance, March 31, 2017	<u>849</u>	<u>764</u>	<u>85</u>	
Computer Software				
Balance, March 31, 2016 and March 31, 2017	<u>523</u>	<u>523</u>	<u>-</u>	
Office Furniture				
Balance, March 31, 2016	2,162	303	1,859	
Additions	-	-	-	
Amortization	-	185	(185)	185
Balance, March 31, 2017	<u>2,162</u>	<u>488</u>	<u>1,674</u>	
Totals	<u>3,534</u>	<u>1,775</u>	<u>1,759</u>	<u>221</u>

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