

**GI (GASTROINTESTINAL) SOCIETY /  
SOCIÉTÉ GI (GASTRO-INTESTINALE)**

Vancouver, B.C.

FINANCIAL STATEMENTS

December 31, 2022

## INDEPENDENT AUDITOR'S REPORT

To the Members of GI (Gastrointestinal) Society / Société GI (Gastro-intestinale):

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the financial statements of GI (Gastrointestinal) Society / Société GI (Gastro-intestinale)(the "Society"), which comprise the statements of revenues and expenditures, changes in fund balance and cash flows and balance sheet for the year ended December 31, 2022 and as at December 31, 2022, and a summary of significant accounting policies and other explanatory information.

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 Society as at December 31, 2022, and its financial performance 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 not-for-profit organizations, the Society derives part of its revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the accounts of the Society and we were not able to determine whether, as at or for the years ended December 31, 2022 and 2021, any adjustments might be necessary to donations, excess (deficiency) of revenues over expenditures, assets and fund balance. Our audit opinion on the financial statements for the year ended December 31, 2022 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 Society in accordance with the ethical requirements that are relevant to our report of the 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 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

The engagement partner on the audit resulting in this independent auditor's report is William Nichols.



**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC, Canada

May 31, 2023

# GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)

## Statements of Revenues and Expenditures

For the years ended December 31,	2022	2021
	\$	\$
<b>Revenues</b>		
Fundraising		
Corporate (Note 4)	759,348	590,817
Foundations and Groups (Note 4)	76,518	53,509
Government grants (Note 4)	5,000	81,620
Individuals	25,983	26,828
	<u>866,849</u>	<u>752,774</u>
Newsletter subscriptions	13,975	15,121
Other	10,594	13,370
	<u>891,418</u>	<u>781,265</u>
Government assistance		
Canada Emergency Rent Subsidy	-	23,505
Canada Emergency Wage Subsidy	-	112,594
	<u>-</u>	<u>136,099</u>
	<u>891,418</u>	<u>917,364</u>
<b>Expenditures – Education and Fundraising</b>		
Education (Schedule 1)	764,443	586,389
Fundraising (Note 6)	-	30,487
	<u>764,443</u>	<u>616,876</u>
<b>Expenditures - Other</b>		
Governance and administration (Note 6)	95,861	94,012
Premises rental (Note 7)	59,344	56,837
	<u>155,205</u>	<u>150,849</u>
<b>Expenditures - Total</b>	<u>919,648</u>	<u>767,725</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(28,230)</u>	<u>149,639</u>

Approved by Directors:

*Ron Goetz*

Ron Goetz, Chair

*Alain Madgin*

Alain Madgin, Treasurer

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

**GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)**

## Statements of Changes in Fund Balance

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For the years ended December 31,	<b>2022</b>	2021
	\$	\$
Fund balance, beginning	129,754	(19,885)
Excess (deficiency) of revenues over expenditures	(28,230)	149,639
<b>Fund balance, ending</b>	<b>101,524</b>	<b>129,754</b>

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**GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)**

## Balance Sheets

December 31,	2022	2021
	\$	\$
<b>Assets</b>		
Current		
Cash and cash equivalents	258,059	286,901
Receivables	40,647	51,956
Prepaid expenses	10,315	3,985
	<u>309,021</u>	<u>342,842</u>
Capital assets (Schedule 2)	13,992	14,862
	<u>323,013</u>	<u>357,704</u>
<b>Liabilities, Deferred Contributions and Fund Balance</b>		
Current		
Payables and accruals	29,579	17,918
Current portion of capital lease obligation (Note 3)	-	3,771
Deferred revenue contributions (Note 4)	191,910	206,261
	<u>221,489</u>	<u>227,950</u>
<b>Fund Balance</b>		
Unrestricted funds	101,524	129,754
	<u>323,013</u>	<u>357,704</u>

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

**GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)**

## Statements of Cash Flows

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For the years ended December 31,	2022	2021
	\$	\$
<b>Cash flows related to operating activities</b>		
Excess (deficiency) of revenues over expenditures	(28,230)	149,639
Adjustment for items not affecting cash:		
Amortization	<u>6,320</u>	<u>5,964</u>
	(21,910)	155,603
Changes in non-cash working capital:		
Receivables	11,309	(36,333)
Prepaid expenses	(6,330)	2,973
Payables and accruals	11,661	(2,688)
Deferred revenue contributions	<u>(14,351)</u>	<u>(18,204)</u>
	<u>(19,621)</u>	<u>101,351</u>
<b>Cash flows related to investing activity</b>		
Purchase of capital assets	<u>(5,450)</u>	<u>-</u>
<b>Cash flows related to financing activity</b>		
Payment of capital lease obligation	<u>(3,771)</u>	<u>(3,638)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(28,842)	97,713
Cash and cash equivalents, beginning	286,901	189,188
<b>Cash and cash equivalents, ending</b>	<u>258,059</u>	<u>286,901</u>

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

# GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)

Notes to Financial Statements

For the year ended December 31, 2022

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## 1. NATURE AND CONTINUITY OF THE ORGANIZATION

The GI (Gastrointestinal) Society / Société GI (Gastro-intestinale) (the “Society”) is a not-for-profit organization without share capital incorporated under the laws of Canada. The Society was previously incorporated under the *Canada Corporations Act*, Part II and was continued under the *Canada Not-for-profit Corporations Act* in August 2014. The society is a registered charity under the *Income Tax Act* (Canada) and is, therefore, 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 in Canada, when funding permits.

At December 31, 2022, the Society had net assets of \$101,524 included in its Unrestricted Fund (the “Fund”). The use of this Fund is subject only to the policies and decisions adopted by the Board of Directors. None of the Society’s net assets are subject to the control of entities external to the Society. In the opinion of management, these surplus funds provide a reserve adequate to reasonably safeguard the Society’s continuity as a going concern.

## 2. 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 include cash on deposit and short-term, highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value. As at December 31, 2022 and 2021, the Society did not have any cash equivalents.

### Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is calculated annually as follows:

Office equipment under capital lease	- straight-line over the term of the lease
Computer equipment	- 30% declining balance
Leasehold improvements	- straight-line over the term of the lease plus one renewal term
Office furniture	- 20% declining balance
Computer software	- 100% 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. 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. Member fees and newsletter subscriptions are recognized as revenue in the year that the fees or subscriptions relate to. Expense recoveries are recorded in the year in which the related expenditures are incurred.

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# GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)

Notes to Financial Statements

For the year ended December 31, 2022

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Contributed Materials and Services**

Contributed materials are recorded as revenue at their fair value at the time the materials are donated if their fair value can be reasonably estimated, the materials are used in the normal course of the operations and would otherwise have been purchased by the Society. During the year, the Society did not record any contributed materials.

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 such services. However, a substantial number of volunteers have donated significant amounts of their 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.

### **Economic Dependency**

The Society receives contributed materials and services (see above) and a substantial amount of revenue from public sector grants, corporate sponsorships, and individual donations. Its continuing operations depend on those receipts.

# GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)

Notes to Financial Statements

For the year ended December 31, 2022

## 3. CAPITAL LEASE OBLIGATION

During 2018, the Society terminated its previous capital lease and entered into a new capital lease for office equipment which bears interest at 3.52% per annum and expires in February 2023. In relation to the lease, the Society recorded interest expense, included in governance and administration expenditures, of \$83 (2021: \$213).

	December 31, 2022	December 31, 2021
	\$	\$
Total minimum lease payments	-	3,854
Less: Amount representing interest	-	(83)
Balance of obligation	-	3,771
Less: Current portion	-	(3,771)
	-	-

On August 25, 2022, the Society entered into a new lease for office equipment. The lease is for a term of 60 months with 20 quarterly payments of \$748. The equipment was delivered, and the first payment was made, in January 2023.

## 4. DEFERRED REVENUE CONTRIBUTIONS

Deferred revenue contributions represent unspent externally restricted grants and donations. The change in the deferred revenue contributions balance was as follows:

	December 31, 2021	Grants received during the year	Recognized as revenue	December 31, 2022
	\$	\$	\$	\$
Corporate	171,248	780,010	759,348	191,910
Foundations/Groups	30,013	46,505	76,518	-
Government	5,000	-	5,000	-
	<u>206,261</u>	<u>826,515</u>	<u>840,866</u>	<u>191,910</u>

Deferred revenue contributions consist of \$191,910 (2021: \$206,261) for education expenditures.

## 5. FINANCIAL INSTRUMENTS

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

### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to liquidity risk in respect of its payables and accruals and capital lease obligation.

# GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)

Notes to Financial Statements

For the year ended December 31, 2022

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## 5. FINANCIAL INSTRUMENTS (CONTINUED)

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk in respect of its cash and cash equivalents and receivables (excluding GST).

## 6. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### *Canadian Society of Intestinal Research*

The Society has the ability to exercise significant influence over Canadian Society of Intestinal Research (“CSIR”) as a result of having certain management and directors in common. CSIR provides information to patients, the public, and medical professionals on gastrointestinal diseases and disorders. CSIR raises funds to support ongoing research in the gastrointestinal field and issues grants to researchers at the University of British Columbia and its teaching hospitals, when funding permits. The purposes of the Society and CSIR are generally the same except that CSIR has a narrower, British Columbia-focused scope for research granting. CSIR was incorporated under the laws of British Columbia in 1976 and is a registered charity under the *Income Tax Act*.

During the year, the Society recorded recoveries of expenditures from CSIR as follows: \$8,999 (2021: \$29,130) for education and \$5,715 (2021: \$7,641) for governance and administration (Schedule 1).

During 2022, CSIR gifted \$Nil (2021: \$10,000 as COVID-19 relief grant) to the Society.

## 7. COMMITMENT AND CONTINGENCY

On June 14, 2018, the Society and CSIR jointly entered into a new agreement to lease space for their shared premises, commencing on August 1, 2018 and expiring on July 31, 2023. The annual base rent, exclusive of operating costs, is as follows:

	\$
2023	<u>18,993</u>

The Society and CSIR have agreed that CSIR will be responsible for 10% of the total occupancy costs and CSIR pays its share of the occupancy costs directly to the Landlord.

The Society has a credit card with a credit limit of \$15,000. As at December 31, 2022, the available credit was approximately \$15,000.

## 8. COVID-19 PANDEMIC

Spread of the SARS-CoV-2 virus has severely impacted economies around the globe, so that in countries, including Canada, organizations and businesses are ceasing or limiting operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. These carried through to affect the Society’s activities during 2022.

The Society has a COVID-19 plan in place to protect employees and volunteers, which the CEO updates as public health guidelines change. During 2022, the Society continued to permit employees to worked from home as they saw fit. The Society cancelled in-person fundraising and educational events and mitigated expenses and adjusted projects to adapt in 2022.

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**GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)**

## SCHEDULE 1 - Education Expenditures

For the year ended December 31, 2022

	2022	2021
	\$	\$
Videos	294,759	191,267
<i>Inside Tract</i> ® Newsletter	183,149	123,971
Patient information pamphlets	81,586	90,287
badgut.org   mauxdeventre.org websites	35,558	6,925
Community outreach	93,914	124,577
General education	91,249	86,133
	780,215	623,160
Recoveries of expenditures		
- personnel (Note 5)	(14,714)	(36,771)
- travel and other	(1,058)	-
	764,443	586,389

**GI (GASTROINTESTINAL) SOCIETY / SOCIÉTÉ GI (GASTRO-INTESTINALE)**

SCHEUDLE 2 - Capital Assets

For the year ended December 31, 2022

	<b>Cost</b>	<b>Accumulated</b>	<b>Net Carrying</b>	<b>Current</b>
	<b>\$</b>	<b>Amortization</b>	<b>Value</b>	<b>Amortization</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Office equipment under capital lease</b>				
Balance, December 31, 2021	17,592	12,314	5,278	
Amortization	-	3,518	(3,518)	3,518
Balance, December 31, 2022	<u>17,592</u>	<u>15,832</u>	<u>1,760</u>	
<b>Computer equipment</b>				
Balance, December 31, 2021	18,035	14,996	3,039	
Additions	5,450	-	5,450	
Amortization	-	1,729	(1,729)	1,729
Balance, December 31, 2022	<u>23,485</u>	<u>16,725</u>	<u>6,760</u>	
<b>Leasehold improvements</b>				
Balance, December 31, 2021	7,890	2,762	5,128	
Amortization	-	790	(790)	790
Balance, December 31, 2022	<u>7,890</u>	<u>3,552</u>	<u>4,338</u>	
<b>Office furniture</b>				
Balance, December 31, 2021	5,340	3,923	1,417	
Amortization	-	283	(283)	283
Balance, December 31, 2022	<u>5,340</u>	<u>4,206</u>	<u>1,134</u>	
<b>Totals</b>	<u>54,307</u>	<u>40,315</u>	<u>13,992</u>	<u>6,320</u>