

DRAFT Financial Statements of

**SAM SULLIVAN
DISABILITY FOUNDATION**

And Independent Practitioners' Review Engagement
Report thereon

Year ended December 31, 2021

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of Sam Sullivan Disability Foundation

We have reviewed the accompanying financial statements of Sam Sullivan Disability Foundation, which comprise the statement of financial position as at December 31, 2021, the statement of operations and change in net assets and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioners' 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.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Sam Sullivan Disability Foundation derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Sam Sullivan Disability Foundation. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2021 and December 31, 2020, any adjustments might be necessary to donations revenue and excess of revenue over expenses reported in the statements of operations and changes in net assets, excess of revenue and expenses reported in the statements of cash flows and current assets, deferred contributions and net assets reported in the statement of financial position. This caused us to qualify our review conclusion on the financial statements as at and for the year ended December 31, 2020.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, 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 Sam Sullivan Disability Foundation as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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Chartered Professional Accountants

Vancouver, Canada

SAM SULLIVAN DISABILITY FOUNDATION

Statement of Financial Position

DRAFT

December 31, 2021, with comparative information for 2020

(Unaudited)

	2021	2020
Assets		
Current assets:		
Cash	\$ 547,552	\$ 533,254
Accounts receivable	6,681	39,293
Investments (note 3)	316,483	63,548
Prepaid expenses	32,179	33,582
Due from related parties (note 10(a))	111,162	135,880
	<u>1,014,057</u>	<u>805,557</u>
Capital assets (note 5)	8,234	5,356
Deposit	10,800	-
	<u>\$ 1,033,091</u>	<u>\$ 810,913</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 7,994	\$ 11,654
Deferred contributions (note 7)	115,564	121,167
Due to related parties (note 10(b))	200,000	-
	<u>323,558</u>	<u>132,821</u>
Canada Emergency Business Account loan (note 8)	37,470	35,115
Deferred capital contributions (note 9)	2,460	1,926
	<u>363,488</u>	<u>169,862</u>
Net Assets:		
Unrestricted net assets	669,603	641,051
Commitments (note 11)		
	<u>\$ 1,033,091</u>	<u>\$ 810,913</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

SAM SULLIVAN DISABILITY FOUNDATION

Statement of Operations and Changes in Net Assets

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Year ended December 31, 2021, with comparative information for 2020

(Unaudited)

	2021	2020
Revenue:		
Donations	\$ 459,398	\$ 505,426
Management fees (note 10(b))	384,600	356,950
Shared services fees (note 10(b))	232,668	244,798
Other government funding (note 16)	105,119	89,896
Other income	11,002	26,413
Government grants	151,925	24,763
Interest income (note 4)	20,787	19,234
Fair value change on investment	11,605	2,549
	1,377,104	1,270,029
Expenses:		
Salaries and benefits	706,087	527,265
Rent	96,398	106,113
Donations	19,250	615
Loan forgiveness (note 7)	-	5,000
Professional fees	14,718	71,576
Office	40,630	40,054
Insurance	41,326	37,173
Advertising	15,147	1,394
Contractors & coordinators	43,683	21,779
Travel	959	2,027
Technology	6,752	8,602
Interest and bank charges	5,111	3,608
Amortization of capital assets	1,964	1,504
	992,025	826,710
Excess of revenue over expenses before undernoted	385,079	443,319
Contribution to affiliated charitable entities (note 10)	356,527	231,092
Excess of revenue over expenses	28,552	212,227
Net assets, beginning of year	641,051	428,823
Net assets, end of year	\$ 669,603	\$ 641,051

See accompanying notes to financial statements.

SAM SULLIVAN DISABILITY FOUNDATION

Statement of Cash Flows

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Year ended December 31, 2021, with comparative information for 2020

(Unaudited)

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 28,552	\$ 212,227
Items not involving cash:		
Fair value change on investments	(2,549)	(2,549)
Amortization of capital assets	1,964	1,504
Amortization of deferred capital contributions	(736)	(156)
Interest on Canada Emergency Business Account loan	2,355	1,235
Deferred assistance recognized on Canada Emergency Business Account loan	(2,355)	(1,235)
	27,231	211,026
Changes in non-cash operating working capital:		
Accounts receivable	32,612	(31,013)
Prepaid expenses	1,403	(4,564)
Due from related parties	24,718	(96,780)
Deposits	(10,800)	-
Accounts payable and accrued liabilities	(3,660)	6,576
Deferred contributions	(3,248)	116,282
Due to related parties	200,000	-
	268,256	201,527
Financing:		
Proceeds from Canada Emergency Business Account loan	-	40,000
Receipt of capital contributions	1,270	2,082
	1,270	42,082
Investing:		
Purchase of capital assets	(4,842)	(3,794)
Maturity of investments	(250,386)	214,198
	(255,228)	210,404
Increase in cash	14,298	454,013
Cash, beginning of year	533,254	79,241
Cash, end of year	\$ 547,552	\$ 533,254

See accompanying notes to financial statements.

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements

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Year ended December 31, 2021

(Unaudited)

1. Nature of operations:

The Sam Sullivan Disability Foundation (the "Foundation") was incorporated on June 10, 1996, and is registered under the Societies Act (British Columbia). The Foundation is a charitable organization under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The purpose of the Foundation is to foster meaningful experiences for people with disabilities through outdoor recreation, social connectedness and innovative adapted devices in British Columbia. The Foundation is related to affiliated charitable entities through common management and provides services and contributions to these entities in the normal course of operations (note 10(b)).

Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market impact globally, domestically, and locally on jurisdictions and market sections in which the Foundation operates.

As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate on the financial effect on the Foundation is not practicable at this time. The situation presents uncertainty over future cash flows, may cause significant changes to the assets and liabilities, and may have an impact on future operations. The Foundation continues to closely monitor the impact of its financial implications and will be adjusting its operations as required to enhance continuity of operations.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – *Accounting* and include the significant accounting policies described hereafter:

(a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Contributions include donations and government grants. Restricted contributions are initially deferred and then recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received is reasonably assured.

Revenue from fee for service transactions, including management fees and shared services fees charged to affiliated charitable entities (note 7), are recognized when services are performed and collection is reasonably assured.

Government assistance in the form of a forgivable loan is accounted for in the same manner as a grant.

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

2. Significant accounting policies (continued):

(b) Contributed materials and services:

The Foundation recognizes contributions of goods, services or gifts in kind when a fair value can be reasonably estimated and the goods or services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

The fair value of volunteer hours and services is not recognized as they cannot be reasonably estimated.

(c) Capital assets:

Capital assets are initially recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. The Foundation reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Foundation's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

Capital assets are amortized using declining balance basis and the following annual rate:

Asset	Rate
Furniture and fixtures	30%
Computer equipment	30%

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

2. Significant accounting policies (continued):

(e) Allocation of expenses:

The Foundation shares office space and certain administrative resources with other affiliated charitable entities.

Common shared costs, such as fundraising expenses, administration, program expenses office, rent and telephone expenses are incurred by the Foundation and then allocated and charged to the respective affiliated charitable entities, based on an allocation of estimated full-time equivalent employee workload attributable to each affiliated charitable entity.

Certain salaries and benefits are incurred by the Foundation and then allocated and charged as a management fee to the respective affiliated charitable entities based on an allocation of estimated full-time equivalent employee workload attributable to each affiliated charitable entity.

Such allocations are reviewed regularly by management.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry all investments, except guaranteed investment certificates, at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

3. Investments:

Investments are comprised of the following:

	2021		2020	
Equity securities	\$	70,153	\$	58,548
Guaranteed investment certificates		146,159		5,000
Investment savings mutual fund		100,171		-
	\$	316,483	\$	63,548

4. Vancouver Foundation restricted funds:

The Foundation receives income from restricted funds in the Sam Sullivan Disability Foundation Fund held at the Vancouver Foundation. The Foundation's rights to the capital have certain restrictions as the amounts remain with Vancouver Foundation in perpetuity, and are managed by the Vancouver Foundation with the income flowing to the Foundation. Accordingly, these funds are not reflected in these financial statements.

Funds held at the Vancouver Foundation for which the Foundation is the sole recipient of the income have a market value as at December 31, 2021 of approximately \$519,726 (2020 - \$481,597).

During the year ended December 31, 2021, the Foundation received income from these funds of \$17,962 (2020 - \$17,850) which is included in interest income in the statement of operations and changes in net assets.

5. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 1,270	\$ -	\$ 1,270	\$ -
Computer equipment	7,401	3,652	3,749	5,356
Leasehold improvements	3,572	357	3,215	-
	\$ 12,243	\$ 4,009	\$ 8,234	\$ 5,356

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2020 - \$462) relating to payroll related taxes.

7. Deferred contributions:

Deferred contributions are comprised primarily of community gaming funds and funds restricted for specific purposes, including unspent capital contributions.

	Government grant	Other	Total 2021	Total 2020
Balance, beginning of year	\$ 26,000	95,167	\$ 121,167	\$ -
Amounts received during the year	83,575	126,875	210,450	328,514
Amounts recognized as revenue in the year	(38,428)	(177,625)	(216,053)	(205,265)
Amounts spent on capital assets and transferred to deferred capital contributions (note 9)	-	-	-	(2,082)
Balance, end of year	\$ 71,147	\$ 44,417	\$ 115,564	\$ 121,167

8. Canada Emergency Business Account loan:

During the year ended December 31, 2020, the Foundation received a Canada Emergency Business Account ("CEBA") loan of \$60,000 from Bank of Montreal

Up to \$20,000 of the CEBA loan will be forgiven provided the outstanding balance is paid on or before December 31, 2023. As the Foundation intends to repay the loan before December 31, 2023 the \$20,000 that will be forgiven is deemed to be government assistance and has been recognized in other government funding in the statement of operations.

The remaining \$40,000 of the CEBA loan carries 0% interest and no minimum monthly principal payments are required. This portion of the CEBA loan is initially measured at fair value, discounted at a market rate of interest, of \$33,880 and subsequently measured at amortized cost. The benefit of the CEBA loan at below-market interest rate is accounted for as deferred government assistance and initially measured at \$6,120, and subsequently recognized with the related interest expense.

During the year ended December 31, 2021, interest expense on the CEBA loan was \$2,355 (2020 - \$1,235), with corresponding recognition of other government funding of \$2,355 (2020 - \$1,235). As at December 31, 2021, the carrying value of the CEBA loan is \$37,470 (2020 - \$35,115) and the remaining deferred government assistance benefit is \$2,530 (2020 - \$4,885) is included in other deferred contributions.

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

9. Deferred capital contributions:

The Foundation receives grants and contributions towards certain equipment. Changes in deferred capital contributions are as follows:

	2021	2020
Balance, beginning of year	\$ 1,926	\$ -
Restricted capital contributions spent during the year	1,270	2,082
Amounts recognized as revenue during the year	(736)	(156)
Balance, end of year	\$ 2,460	\$ 1,926

10. Related party balances and transactions:

(a) Due from related parties:

	2021	2020
British Columbia Mobility Opportunities Society	\$ 31,200	\$ 41,600
Connec Tra Society	-	12,200
Disabled Independent Gardeners Association	10,273	754
Disabled Sailing Association of BC	11,132	-
Kawak Access Equipment Inc	8,657	6,165
Tetra Society of North America	49,900	58,621
Vancouver Adapted Music Society	-	16,540
	\$ 111,162	\$ 135,880

The amount due from related parties are non-interest bearing, unsecured loans made to the affiliated charitable entities which are due on demand.

(b) Due to related parties:

	2021	2020
British Columbia Mobility Opportunities Society	\$ 40,000	\$ -
Connec Tra Society	40,000	-
Disabled Sailing Association of BC	40,000	-
Tetra Society of North America	40,000	-
Vancouver Adapted Music Society	40,000	-
	\$ 200,000	\$ -

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

10. Related party balances and transactions (continued):

(b) Due to related parties (continued):

The amounts due to related parties are non-interest bearing, unsecured, and due on demand. The balances are not intended to be settled on a net basis with amounts due from related parties (note 10(a)).

(c) Related party transactions:

During the year ended December 31, 2021, the Foundation recognized revenue from management fees of \$384,600 (2020 - \$356,950) and shared services fees of \$232,668 (2020 - \$244,798) charged to affiliated charitable entities. In addition, the Foundation contributed \$356,526 (2020 - \$231,092) to the same affiliated charitable entities.

11. Commitments:

The minimum future office rent payments to the end of the lease term are as follows:

2022	\$	12,713
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12. Economic dependence:

The Foundation is party to a Memorandum of Understanding ("MOU") with The British Columbia Paraplegic Foundation ("BCPF"). Under the terms of the MOU, the Foundation can request a maximum annual amount of \$200,000 from BCPF. During the year ended December 31, 2021, the Foundation received \$200,000 (2020 - \$200,000) from BCPF, which is 16% (2020 - 16%) of total revenue.

The Foundation also derives revenue from management fees and shared services fees from affiliated charitable entities which comprise 45% (2020 - 47%) of total revenue (note 10(b)).

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

13. Financial instruments and financial risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to fulfill its obligation on a timely basis or at a reasonable cost. The Foundation manages its liquidity risk by monitoring its operating and cash flow requirements. There has been no change to the risk exposures from 2020.

(b) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Foundation is exposed to other price risk in its investments held. There has been no change to the risk exposures from 2020.

In management's opinion, the Foundation is not exposed to significant interest rate, credit, or currency risks related to its financial instruments.

14. Remuneration:

For the year ended December 31, 2021, the Foundation paid total remuneration of \$173,395 (2020 - \$198,885) to two employees, each of whom received total annual remuneration of \$75,000 or greater.

15. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

16. Other government funding:

	2021	2020
Canada Emergency Wage Subsidy (a)	\$ 102,200	\$ 68,661
Canada Emergency Business Account (note 8)	2,355	21,235
Canada Recovery Hiring Program (b)	564	-
	<u>\$ 105,119</u>	<u>\$ 89,896</u>

SAM SULLIVAN DISABILITY FOUNDATION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

(Unaudited)

16. Other government funding (continued):

- (a) Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist organizations who experienced a drop in revenue based on certain eligibility criteria. During the year ended December 31, 2021, government assistance for CEWS totaled \$102,200 (2020 - \$68,661) was recognized as other government funding in the statement of operations. As at December 31, 2021, nil (2020 - \$13,103) was accrued in accounts receivable for CEWS not yet claimed or received.

- (b) Due to the COVID-19 pandemic, the Canadian government introduced the Canada Recovery Hiring Program ("CRHP") to assist organizations in hiring new employees and increasing existing employees' wages or hours. During the year ended December 31, 2021, \$564 (2020 - nil) for CRHP was recognized as other government funding in the statement of operations.