

DRAFT Financial Statements of

**DISABLED INDEPENDENT
GARDENERS ASSOCIATION**

And Independent Practitioners' Review Engagement
Report thereon

Year ended December 31, 2021

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of Disabled Independent Gardeners Association

We have reviewed the accompanying financial statements of Disabled Independent Gardeners Association, which comprise the statement of financial position as at December 31, 2021, the statement of operations and change in deficiency 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, Disabled Independent Gardeners Association 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 Disabled Independent Gardeners Association. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2020 and December 31, 2019, any adjustments might be necessary to donations revenue and excess of revenue over expenses reported in the statements of operations and changes in deficiency in net assets, excess of revenue and expenses reported in the statements of cash flows and current assets, deferred contributions and deficiency in net assets reported in the statements of financial position. This caused us to qualify our review conclusion on the financial statement 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 Disabled Independent Gardeners Association 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

DISABLED INDEPENDENT GARDENERS ASSOCIATION

Statement of Financial Position

DRAFT

December 31, 2021, with comparative information for 2020

(Unaudited)

	2021	2020
Assets		
Current assets:		
Cash	\$ 34,240	\$ 20,747
Restricted cash (community gaming) (note 3)	14,282	25
Account receivable	127	267
	<u>\$ 48,649</u>	<u>\$ 21,039</u>

Liabilities and Deficiency in Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 13,257	\$ 1,134
Deferred contributions (note 5)	36,140	31,495
	<u>49,397</u>	<u>32,629</u>
Deficiency in net assets	(748)	(11,590)
Economic dependence (note 7)		
	<u>\$ 48,649</u>	<u>\$ 21,039</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

DISABLED INDEPENDENT GARDENERS ASSOCIATION

Statement of Operations and Change in Deficiency in Net Assets

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

(Unaudited)

	2021	2020
Revenue:		
Donations	\$ 165,820	\$ 105,555
Community gaming grant (note 5)	13,943	12,182
Government grants	21,679	15,000
	<u>201,442</u>	<u>132,737</u>
Expenses:		
Advertising	618	4,519
Bank charges	653	143
Contractors	4,328	2,287
Insurance	4,946	4,088
Office	5,369	5,452
Professional fees	8,714	7,341
Program expenses	34,251	19,376
Rent	13,425	10,956
Salaries and benefits	117,001	71,099
Technology	618	1,750
Travel	677	1,397
	<u>190,600</u>	<u>128,408</u>
Excess of revenue over expenses	10,842	4,329
Deficiency in net assets, beginning of year	(11,590)	(15,919)
Deficiency in net assets, end of year	<u>\$ (748)</u>	<u>\$ (11,590)</u>

See accompanying notes to financial statements.

DISABLED INDEPENDENT GARDENERS ASSOCIATION

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	\$ 10,842	\$ 4,329
Changes in non-cash operating working capital:		
Restricted cash (community gaming)	(14,257)	182
Account receivable	140	(221)
Accounts payable and accrued liabilities	12,123	1,134
Deferred contributions	4,645	12,432
Increase in cash	13,493	17,856
Cash, beginning of year	20,747	2,891
Cash, end of year	\$ 34,240	\$ 20,747

See accompanying notes to financial statements.

DISABLED INDEPENDENT GARDENERS ASSOCIATION

Notes to Financial Statements

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Year ended December 31, 2021

(Unaudited)

1. Nature of operations:

The Disabled Independent Gardeners Association (the "Association") was incorporated on January 16, 2003, and is registered under the Societies Act (British Columbia). The Association 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 Association is to provide opportunities for people with physical disabilities to actively participate in gardening. The Association is related to affiliated charitable entities through common management and receives services and contributions from these entities in the normal course of operations (note 6).

Impact of COVID-19 on continuing operations:

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 Association 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 Association 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 Association 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:

The 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 Association follows the deferral method of accounting for contributions. Contributions include donations, community gaming grant, 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.

DISABLED INDEPENDENT GARDENERS ASSOCIATION

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 Association 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 Association'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) 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.

(d) Allocation of expenses:

The Association 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 allocated and charged to the respective affiliated charitable entities, including the Association, based on an allocation of estimated full-time equivalent employee workload attributable to each affiliated charitable entity.

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

(e) 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 Association has not elected to carry any such financial instruments at fair value.

DISABLED INDEPENDENT GARDENERS ASSOCIATION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

(Unaudited)

2. Significant accounting policies (continued):

(e) Financial instruments (continued):

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 Association 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 Association 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.

3. Restricted cash (community gaming):

Restricted cash (community gaming) relates to cash held in a separate bank account for unexpended gaming receipts which are restricted in their use by license applications.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$294 (2020 - \$379) for payroll related taxes.

5. Deferred contributions:

Deferred contributions are comprised primarily of community gaming funds and funds held for the restricted purposes.

	Gaming	Government grant	Other	Total 2021	Total 2020
Balance, beginning of year	\$ 25	\$ 10,618	\$ 20,852	\$ 31,495	\$ 19,063
Amounts received during the year	28,200	15,000	24,920	68,120	53,175
Amounts recognized as revenue in the year	(13,943)	(5,697)	(43,835)	(63,475)	(40,743)
Balance, end of year	\$ 14,282	\$ 19,921	\$ 1,937	\$ 36,140	\$ 31,495

DISABLED INDEPENDENT GARDENERS ASSOCIATION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

(Unaudited)

6. Related party transactions:

During the year ended December 31, 2021, the Association received funding of \$94,826 (2020 - \$84,435) from Sam Sullivan Disability Foundation ("SSDF"), an affiliated charitable entity, which is recorded in donations revenue. In addition, the Association paid management fees of \$58,392 (2020 - \$50,226), which is recorded in salaries and benefits expense, and shared expenses of \$35,328 (2020 - \$34,441), which is recorded in their respective expense accounts, to SSDF.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Economic dependence:

The Association is economically dependent on funding arrangements with SSDF and the annual community gaming grant. The Association relies on SSDF for additional funding when there are funding shortfalls or cash flow issues.

8. Financial instruments and financial risk:

(a) Liquidity risk:

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

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

9. Remuneration:

For the fiscal years ending December 31, 2021 and 2020, the Association did not have any employees or contractors with annual remuneration in excess of \$75,000, and no member of the Board of Directors received remuneration.