

**DRAFT** Financial Statements of

**DISABLED SAILING  
ASSOCIATION OF B.C.**

And Independent Practitioners' Review Engagement  
Report thereon

Year ended December 31, 2021

## INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of Disabled Sailing Association of B.C.

We have reviewed the accompanying financial statements of Disabled Sailing Association of B.C., which comprise the statement of financial position as at December 31, 2021, the statement of operations, statement of changes 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 Sailing Association of B.C 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 Sailing Association of B.C. 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, excess of revenue and expenses reported in the statements of changes in net assets and statements of cash flows and current assets, deferred contributions and 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 Sailing Association of B.C. 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.

***DRAFT***

Chartered Professional Accountants

Vancouver, Canada

# DISABLED SAILING ASSOCIATION OF B.C.

Statement of Financial Position

**DRAFT**

December 31, 2021

	2021	2020
<b>Assets</b>		
Current assets:		
Cash	\$ 153,444	\$ 116,454
Restricted cash (community gaming) (note 3)	48,206	35,340
Accounts receivable	167	188
Prepaid expenses	3,133	2,907
Boat inventory for sale (note 7)	-	85,000
Due from related party (note 11)	43,500	3,500
	<u>248,450</u>	<u>243,389</u>
Capital assets (note 4)	109,131	129,493
	<u>\$ 357,581</u>	<u>\$ 376,382</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 23,000
Deferred contributions (note 5)	67,964	72,349
Due to related party (note 11)	11,132	-
	<u>79,096</u>	<u>95,349</u>
Deferred capital contributions (note 6)	39,057	45,957
Canada Emergency Business Account loan (note 9)	37,470	35,115
	<u>155,623</u>	<u>176,421</u>
Net assets:		
Unrestricted	131,884	112,925
Invested in capital assets (note 8)	70,074	83,536
	<u>201,958</u>	<u>196,461</u>
Economic dependence (note 12)		
	<u>\$ 357,581</u>	<u>\$ 372,882</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# DISABLED SAILING ASSOCIATION OF B.C.

Statement of Earnings and Changes in Net Assets

**DRAFT**

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

	2021	2020
Revenue:		
Donations (note 11)	\$ 98,346	\$ 76,558
Community gaming grant	57,134	43,700
Government grants (note 5)	90,241	30,839
Other income	3,495	1,432
Amortization of deferred capital contributions	6,900	6,445
Other government funding (note 10)	42,690	49,052
Donated boats	-	270,000
	<u>298,806</u>	<u>478,026</u>
Expenses: (note 11)		
Advertising	1,076	5,261
Amortization	20,362	20,474
Bank charges	3,148	1,651
Contractors and coordinators	17,273	14,180
Impairment of contributed boats	-	185,000
Insurance	6,576	5,441
Office and general	9,819	8,692
Professional fees	26,140	14,890
Program expenses	724	1,345
Rent	29,632	25,611
Repairs and maintenance	1,578	5,394
Salaries and benefits	175,620	147,796
Technology	865	1,972
Travel	496	1,402
	<u>293,309</u>	<u>439,109</u>
Excess of revenue over expenses	<u>\$ 5,497</u>	<u>\$ 38,917</u>

See accompanying notes to financial statements.

# DISABLED SAILING ASSOCIATION OF B.C.

Statement of Changes in Net Assets

**DRAFT**

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

	Invested in capital assets (note 8)	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 83,536	\$ 112,925	\$ 196,461	\$ 157,544
Excess of revenue over expenses	(13,462)	18,959	5,497	38,917
Balance, end of year	\$ 70,074	\$ 131,884	\$ 201,958	\$ 196,461

See accompanying notes to financial statements.

# DISABLED SAILING ASSOCIATION OF B.C.

Statement of Cash Flows

**DRAFT**

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

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 5,497	\$ 38,917
Items not involving cash:		
Amortization of capital assets	20,362	20,474
Amortization of deferred capital contributions	(6,900)	(6,445)
Interest on Canada Emergency Business Account Loan	2,355	1,235
Deferred assistance recognized on Canada Emergency Business Account Loan	(2,355)	(1,235)
Impairment of contributed boats	-	185,000
Contributed boats	-	(270,000)
	18,959	(32,054)
Proceeds on sale of donated boats	85,000	-
Changes in non-cash operating working capital:		
Restricted cash (community gaming)	(12,866)	(25,300)
Accounts receivable	21	1,240
Prepaid expenses	(226)	(141)
Due from related party	(40,000)	-
Accounts payable and accrued liabilities	(23,000)	23,000
Deferred contributions	(2,030)	24,206
Due to related party	11,132	-
	36,990	(9,049)
Financing:		
Receipt of capital contributions	-	19,494
Proceeds from Canada Emergency Business Account Loan	-	40,000
	-	59,494
Investments:		
Purchase of capital assets	-	(20,112)
Increase in cash	36,990	30,333
Cash, beginning of year	116,454	86,121
Cash, end of year	\$ 153,444	\$ 116,454
Non-cash financing transactions:		
Capital assets financed with capital contributions	\$ -	\$ 45,597

See accompanying notes to financial statements.

# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements

**DRAFT**

Year ended December 31, 2021

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## 1. Nature of operations:

The Disabled Sailing Association of B.C. (the "Association") was incorporated on December 18, 1989 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 experience recreational and competitive sailing in fully accessible sailboats. 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. The Association may also provide contributions to these entities in the normal course of operations (note 11).

### *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 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:

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 Association follows the deferral method of accounting for contributions. Contributions include donations, community gaming grant, and government grants. Restricted non-capital contributions are initially deferred and then recognized as revenue in the period in which the related expenses are incurred.



# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (a) Revenue recognition (continued)

Contributions restricted for the purchase of capital assets are initially recorded as deferred contributions and transferred to and recorded as deferred capital contributions when the amounts have been spent on capital assets. Deferred capital contributions, including contributed capital assets, are amortized to revenue on the same basis as the related capital assets are amortized.

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received is reasonably assured.

### (b) 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 Association reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Association'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 the declining-balance basis and the following annual rates:

Asset	Rate
Furniture and other equipment	20%
Boats and boat equipment	15%

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# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (c) 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.

### (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. Areas requiring management estimates include the determination of useful lives of capital assets and valuation of contributed boats. Actual results could differ from these estimates.

### (e) 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 charitably entity.

Such allocations are reviewed regularly by management.

# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

## 1. Significant accounting policies (continued):

### (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 Association has not elected to carry any such financial instruments 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 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 relates to cash held in a separate bank account for unexpended gaming receipts which are restricted in their use by license applications.

## 4. Capital assets:

				2021	2020
	Cost	Accumulated amortization		Net book value	Net book value
Safety equipment	\$ 20,112	\$ 5,363	\$	14,749	\$ 18,436
Furniture and other equipment	3,235	2,988		247	309
Boats and boat equipment	505,745	411,610		94,135	110,748
	\$ 529,092	\$ 419,961	\$	109,131	\$ 129,493

# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

## 5. Deferred contributions:

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

	Gaming (note 3)	Government grant	Other	Total 2021	Total 2020
Balance, beginning of year	\$ 35,340	\$ -	\$ 37,009	\$ 72,349	\$ 43,258
Amounts received during the year	70,000	10,000	41,863	121,863	135,750
Amounts recognized as revenue in the year	(57,134)	-	(69,114)	(126,248)	(87,165)
Amounts spent on capital assets and transferred to deferred capital contributions (note 7)	-	-	-	-	(19,494)
Balance, end of year	\$ 48,206	\$ 10,000	\$ 9,758	\$ 67,964	\$ 72,349

## 6. Deferred capital contributions:

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

	2021	2020
Balance, beginning of year	\$ 45,957	\$ 32,908
Restricted capital contributions spent during the year	-	19,494
Amounts recognized as revenue during the year	(6,900)	(6,445)
Balance, end of year	\$ 39,057	\$ 45,957

## 7. Boat inventory for sale:

As at December 31, 2020 two boats with a carrying value of \$85,000 were held for sale. These boats were sold for gross proceeds of \$85,000 during fiscal 2021.

# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

## 8. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 109,131	\$ 129,493
Amounts financed by:		
Deferred capital contributions (note 7)	(39,057)	(45,957)
	\$ 70,074	\$ 83,536

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Excess of revenue over expenses:		
Amortization of deferred capital contributions	\$ 6,900	\$ 6,445
Amortization of capital assets	(20,362)	(20,474)
	(13,462)	(14,029)
Net change in invested in capital assets:		
Purchase of capital assets	-	20,112
Capital assets financed by capital contributions	-	(19,494)
	-	618
	\$ (13,462)	\$ (13,411)

## 9. Canada Emergency Business Account loan:

In the year ended December 31, 2020, the Association 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, 2022. As the Association intends to repay the loan before December 31, 2022 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 in fiscal year 2020.

# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

## 9. Canada Emergency Business Account loan (continued):

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 deferred contributions.

## 10. Other government funding:

	2021	2020
Canada Emergency Wage Subsidy (a)	\$ 31,077	\$ 27,817
Canada Emergency Business Account (note 9)	2,355	21,235
Canada Recovery Hiring Program (b)	9,258	-
	<u>\$ 42,690</u>	<u>\$ 49,052</u>

- (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 totaling \$31,077 (2020 - \$27,817) was recognized as other government funding in the statement of operations.
- (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, \$9,258 (2020 - nil) for CRHP was recognized as other government funding in the statement of operations.

# DISABLED SAILING ASSOCIATION OF B.C.

Notes to Financial Statements (continued)

**DRAFT**

Year ended December 31, 2021

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## 11. Related party balance and transactions:

Due from related party is due from Martin 16 Sailing Inc., an affiliated social enterprise for \$3,500 (2020 - \$3,500), and Sam Sullivan Disability Foundation ("SSDF"), an affiliated charitable entity for \$40,000 (2020 - nil). Due to related party is due from SSDF. All amounts are non-interest bearing and due on demand. The balances due from and to SSDF are not intended to be settled on a net basis.

During the year ended December 31, 2021, the Association received funding of \$6,000 (2020 - \$5,233) from SSDF, which is recorded in donation revenue. In addition, the Association paid management fees of \$71,148 (2020 - \$59,785), which is recorded in salaries and benefits expense, and shared expenses of \$43,044 (2020 - \$41,008), 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.

## 12. Economic dependence:

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

## 13. 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 2020.

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.

## 14. 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.