

# **Crohn's and Colitis Canada**

## **Financial Statements**

**For the year ended December 31, 2020**

# **Crohn's and Colitis Canada**

## **Financial Statements**

**For the year ended December 31, 2020**

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## Independent Auditor's Report

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### To the Members of Crohn's and Colitis Canada

#### Opinion

We have audited the financial statements of Crohn's and Colitis Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Organization as at December 31, 2020, 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.

#### Basis for Opinion

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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 23, 2021

## Crohn's and Colitis Canada Statement of Financial Position

December 31

2020

2019

### Assets

#### Current

Cash (Note 3)	\$ 3,640,901	\$ 3,060,591
Externally restricted cash (Note 4)	86,005	259,021
Investments (Note 5)	9,375,796	9,007,417
Accounts receivable	622,539	325,742
Prepaid expenses	85,233	59,335

**13,810,474**      12,712,106

**Investments (Note 5)**

**414,848**      398,518

**Property and equipment (Note 6)**

**54,861**      87,254

**\$ 14,280,183**      \$ 13,197,878

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ 1,212,688	\$ 681,771
Deferred revenue (Note 7)	3,444,992	3,889,549

**4,657,680**      4,571,320

**Long term deferred revenue (Note 7)**

**450,562**      518,613

**5,108,242**      5,089,933

#### Fund Balances (Note 9)

Endowment	640,339	600,104
Internally restricted research reserve	2,542,230	3,084,020
Internally restricted property and equipment	54,861	87,254
Internally restricted operating	1,500,000	1,500,000
Unrestricted	4,434,511	2,836,567

**9,171,941**      8,107,945

**\$ 14,280,183**      \$ 13,197,878

On behalf of the Board of Directors:



Mark Whitmore, Chair



John Van de Pol, Treasurer

## Crohn's and Colitis Canada Statement of Revenue and Expenses

<b>For the year ended December 31</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Gifts (Note 11)	\$ 9,275,156	\$ 9,326,974
Fundraising event proceeds	2,771,675	5,704,354
Investment income (Note 5)	414,694	914,582
	<b>12,461,525</b>	<b>15,945,910</b>
<b>Expenses (Note 12)</b>		
Program costs		
Research	4,698,692	8,039,632
Education/awareness/advocacy	1,226,729	1,610,102
Volunteer/chapter services	703,589	861,667
	<b>6,629,010</b>	<b>10,511,401</b>
Support costs		
Fundraising expenses	3,052,734	4,015,618
General and administrative	1,744,392	1,504,352
	<b>4,797,126</b>	<b>5,519,970</b>
<b>Total expenses</b>	<b>11,426,136</b>	<b>16,031,371</b>
<b>Excess (deficiency) of revenue over expenses before undernoted</b>	<b>1,035,389</b>	<b>(85,461)</b>
<b>Foreign exchange loss</b>	<b>(11,628)</b>	<b>(27,551)</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 1,023,761</b>	<b>\$ (113,012)</b>

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

**Crohn's and Colitis Canada  
Statement of Changes in Fund Balances**

**For the year ended December 31, 2020**

	Endowment fund	Internally restricted research reserve fund  (Note 9)	Internally restricted property and equipment  (Note 9)	Internally restricted operating fund  (Note 9)	Unrestricted  (Note 9)	2020 Total  (Note 9)
<b>Fund balances, beginning of year</b>	<b>\$ 600,104</b>	<b>\$ 3,084,020</b>	<b>\$ 87,254</b>	<b>\$ 1,500,000</b>	<b>\$ 2,836,567</b>	<b>\$ 8,107,945</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	-	-	(50,907)	-	1,074,668	1,023,761
<b>Contributions to externally restricted endowment fund</b>	40,235	-	-	-	-	40,235
<b>Internally restricted research reserve fund and unrestricted fund balances</b>	-	(541,790)	-	-	541,790	-
<b>Acquisition of property, plant and equipment</b>	-	-	18,514	-	(18,514)	-
<b>Fund balances, end of year</b>	<b>\$ 640,339</b>	<b>\$ 2,542,230</b>	<b>\$ 54,861</b>	<b>\$ 1,500,000</b>	<b>\$ 4,434,511</b>	<b>\$ 9,171,941</b>

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

## Crohn's and Colitis Canada Statement of Changes in Fund Balances

For the year ended December 31, 2019

	Endowment fund	Internally restricted research reserve fund  (Note 9)	Internally restricted property and equipment  (Note 9)	Internally restricted operating fund  (Note 9)	Unrestricted  (Note 9)	2019 Total  (Note 9)
<b>Fund balances, beginning of year</b>	<b>\$ 578,720</b>	<b>\$ 3,666,798</b>	<b>\$ 120,328</b>	<b>\$ 1,500,000</b>	<b>\$ 2,333,727</b>	<b>\$ 8,199,573</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	-	-	(48,372)	-	(64,640)	(113,012)
<b>Contributions to externally restricted endowment fund</b>	21,384	-	-	-	-	21,384
<b>Internally restricted research reserve fund and unrestricted fund balances</b>	-	(582,778)	-	-	582,778	-
<b>Acquisition of property, plant and equipment</b>	-	-	15,298	-	(15,298)	-
<b>Fund balances, end of year</b>	<b>\$ 600,104</b>	<b>\$ 3,084,020</b>	<b>\$ 87,254</b>	<b>\$ 1,500,000</b>	<b>\$ 2,836,567</b>	<b>\$ 8,107,945</b>

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



## Crohn's and Colitis Canada Statement of Cash Flows

For the year ended December 31	2020	2019
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 1,023,761	\$ (113,012)
Adjustments to reconcile excess (deficiency) of revenue over expenses for the year to cash provided by operating activities		
Amortization	50,907	48,372
Unrealized gain on investments (Note 5)	(202,131)	(364,924)
Changes in non-cash working capital balances		
Accounts receivables	(296,797)	(112,838)
Prepaid expenses	(25,898)	65,589
Accounts payables and accrued liabilities	530,917	48,040
Deferred revenue	(512,608)	107,316
	568,151	(321,457)
<b>Investing activities</b>		
Investment activity (net)	(156,193)	(598,499)
Acquisition of property and equipment	(18,514)	(15,298)
	(174,707)	(613,797)
<b>Financing activity</b>		
Contribution to endowment fund	13,850	(5,001)
	407,294	(940,255)
<b>Increase (decrease) in cash during the year</b>		
	407,294	(940,255)
<b>Cash, beginning of year</b>	3,319,612	4,259,867
<b>Cash, end of year</b>	\$ 3,726,906	\$ 3,319,612
<b>Cash:</b>		
Unrestricted	\$ 3,640,901	\$ 3,060,591
Externally restricted (Note 4)	86,005	259,021
	\$ 3,726,906	\$ 3,319,612
<b>Net cash</b>	\$ 3,726,906	\$ 3,319,612
<b>Non-cash transaction:</b>		
Life insurance policy (Note 5)	\$ 26,385	\$ 26,385

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

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# Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

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## **1. Purpose of the Organization**

Crohn's and Colitis Canada (the "Organization") is a national not-for-profit organization. The Organization's promise is to cure Crohn's disease and ulcerative colitis and improve the lives of children and adults affected by these chronic diseases. The Organization was established under the Canada Corporations Act as a not-for-profit organization without share capital and continued under the Canada Not-for-profit Corporations Act in October 2014.

Crohn's and Colitis Canada is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

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## **2. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

### **National and Regional Operations Including Chapters**

The financial statements include all of the national and regional operations of Crohn's and Colitis Canada and its 46 chapters, and the Calgary and Edmonton Societies.

### **Revenue Recognition**

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recorded as revenue when the amount is measurable and ultimate collection is reasonably assured.

Restricted contributions, other than endowment contributions, are deferred until the period in which the related expenses are incurred. Endowment contributions are recognized as direct increases in fund balances.

Amounts received related to a future period are deferred until the period in which the event occurs.

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# Crohn's and Colitis Canada Notes to Financial Statements

December 31, 2020

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## 2. Summary of Significant Accounting Policies - (Continued)

### Financial Instruments

The Organization considers any contract creating a financial asset for one entity and a financial liability or equity instrument of another entity as a financial instrument, except in certain limited circumstances.

#### *Initial Measurement*

The Organization's financial instruments are measured at fair value when issued or acquired.

#### *Subsequent Measurement*

Investments are recorded at fair value based on the closing bid price at year end. Realized and unrealized gains and losses on investments are recognized as investment income in the statement of revenue and expenses.

Foreign currency forward contracts are recorded at fair value at year end with any changes in fair value recorded in the statement of revenue and expenses as part of the foreign exchange gain (loss).

All other financial assets and liabilities are recorded at amortized cost, less any impairment allowance in the case of financial assets. Any impairment loss is recognized in the statement of revenue and expenses.

### Property and Equipment

Purchased property and equipment over \$1,000 is recorded at cost and is amortized over its estimated useful life on a straight-line basis. The annual amortization rates are as follows:

Computers and software	3 - 5 years
Furniture and fixtures	5 - 10 years

Leasehold improvements are amortized straight-line over the period of the lease.

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# Crohn's and Colitis Canada Notes to Financial Statements

December 31, 2020

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## 2. Summary of Significant Accounting Policies - (Continued)

### Research Grants and Awards

Research grants and awards are recorded in the financial statements at the earlier of when a legal obligation exists and when the grants and awards are paid.

### Donated Goods and Services

A number of individuals and business organizations have volunteered their time to the Organization's fundraising efforts. Due to the difficulty in determining their fair value, these are not recognized or disclosed in the financial statements.

### Expense Allocation

Expenses are allocated (Note 12) using the following allocation method:

#### *Salaries and benefits*

Allocated based on staff estimates of time spent on each functional area.

#### *General office*

Includes board of director expenses, staff travel, general and administrative costs, publications, amortization and professional services and are allocated based on their applicability to the relevant programs.

#### *Rent*

Allocated based on square footage and related departmental salary allocations.

#### *Insurance*

Allocated based on an even split between fundraising and administration as the Organization's coverage is based partially on the type and number of fundraising events held and partially on general factors of an administrative nature.

### 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates are reviewed periodically and as adjustments become necessary they are reported in the year in which they become known. Actual results could differ from those estimates.

## Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

### 3. Cash

Included in cash are funds of \$2,326,913 (2019 - \$1,753,530) held in premium interest accounts with an effective interest rate of 0.30% (2019 - 1.54%).

### 4. Externally Restricted Cash

Externally restricted cash comprises gaming revenues earned by the Organization. Use of gaming revenues is restricted for use in the region where the gaming revenues were earned.

### 5. Investments

Investments are stated at fair value and include the investments of the Ross McMaster memorial donation in the amount of \$450,562 (2019 - \$518,613).

	2020	2019
Cash included in investments accounts	\$ 202,162	\$ 217,925
Guaranteed investment certificates	1,181,954	2,599,584
Premium interest savings account	1,400,700	-
Corporate bond funds	2,187,151	1,986,364
Listed Equities		
Canadian	1,177,058	1,239,472
United States	1,864,300	1,720,516
International	1,362,471	1,243,556
<b>Current investments</b>	<b>9,375,796</b>	9,007,417
Fixed income (federal and provincial bonds)	96,463	106,518
Life insurance policy	318,385	292,000
<b>Long term investments</b>	<b>414,848</b>	398,518
	<b>\$ 9,790,644</b>	\$ 9,405,935

The Guaranteed investment certificates bear interest between 0.55% and 1.11% (2019 - 1.65% and 2.05%) and mature between March and July 2021 (2019 - March and July 2020). The premium interest savings account bears interest at 0.3%. Bonds have interest rates ranging from 1.5% to 3.5% (2019 - 1.5% to 3.5%) and mature between December 2021 and September 2029 (2019 - September 2021 and December 2028).

The Organization has assigned a \$1,000,000 guaranteed investment certificate, bearing interest at 1.11% (2019 - 1.65%) and maturing March 2021 (2019 - March 2020), as security for a \$1,000,000 line of credit with the Bank. This is a revolving line of credit which bears interest at the bank's prime rate plus 0.90% (2019 - 0.90%) per annum. As at December 31, 2020, the bank's prime rate was 2.45% (2019 - 3.95%).

As at December 31, 2020, the Organization has utilized \$Nil (2019 - \$Nil) of the available line of credit.

## Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

### 5. Investments - (Continued)

Investment income consists of the following:

	2020	2019
Dividend income	\$ 128,236	\$ 111,361
Interest income (including interest on cash balances)	75,419	132,012
Realized gain on sale of investments	8,908	306,285
Unrealized gain on investments	202,131	364,924
	\$ 414,694	\$ 914,582

### 6. Property and Equipment

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers and software	\$ 739,679	\$ 701,586	\$ 722,669	\$ 672,953
Furniture and fixtures	130,931	126,009	130,931	118,604
Leasehold improvements	126,812	114,966	125,310	100,099
	997,422	942,561	978,910	891,656
		\$ 54,861		\$ 87,254

## Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

### 7. Deferred Revenue

**December 31, 2020**

	Balance Beginning of Year	Add: Received	Less: Recognized	Balance End of Year
Research Consortium	\$ 445,352	\$ 345,000	\$ (165,264)	\$ 625,088
Impact of IBD	45,000	-	(45,000)	-
Ross McMaster Memorial Donation	518,613	31,949	(100,000)	450,562
Scholarship Program	-	450,000	(200,000)	250,000
Mentoring and Camp	66,736	-	(35,288)	31,448
IBD - Sponsorships	45,994	530,000	(396,147)	179,847
GEM Project (Note 8b)	1,150,843	-	(667,285)	483,558
PACE Project	685,317	362,500	(791,495)	256,322
Advocacy & GoHere	697,130	491,200	(240,829)	947,501
Educational Programs	423,217	290,000	(444,766)	268,451
Other	329,960	349,154	(276,337)	402,777
	<b>\$ 4,408,162</b>	<b>\$ 2,849,803</b>	<b>\$ (3,362,411)</b>	<b>\$ 3,895,554</b>

Current	\$ 3,444,992
Long term	450,562
	<b>\$ 3,895,554</b>

**December 31, 2019**

	Balance Beginning of Year	Add: Received	Less: Recognized	Balance End of Year
Research Consortium	\$ 410,266	\$ 315,000	\$ (279,914)	\$ 445,352
Impact of IBD	88,057	85,000	(128,057)	45,000
Ross McMaster Memorial Donation	472,043	46,570	-	518,613
Scholarship Program	137,475	200,000	(337,475)	-
Mentoring and Camp	-	139,719	(72,983)	66,736
IBD - Sponsorships	109,057	400,000	(463,063)	45,994
GEM Project (Note 8b)	1,679,032	1,706,180	(2,234,369)	1,150,843
PACE Project	765,132	415,974	(495,789)	685,317
Advocacy & GoHere	499,947	573,000	(375,817)	697,130
Educational Programs	105,285	480,000	(162,068)	423,217
Other	34,552	426,965	(131,557)	329,960
	<b>\$ 4,300,846</b>	<b>\$ 4,788,408</b>	<b>\$ (4,681,092)</b>	<b>\$ 4,408,162</b>

Current	\$ 3,889,549
Long term	518,613
	<b>\$ 4,408,161</b>

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# Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

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## 8. Commitments and Guarantees

### a) Premises and Office Equipment

The Organization has entered into agreements to lease premises and office equipment for various periods until January 2025 for the National and Regional Offices. The Organization is committed to the following rental payments for premises and office equipment:

2021	\$	120,290
2022		21,000
2023		21,000
2024		21,000
2025		1,750
		<hr/>
	\$	185,040

### b) Helmsley Charitable Trust

In 2014, the Organization announced a five year funding commitment to Crohn's disease research in Canada, which included a lead gift from Helmsley Charitable Trust, and in 2018 announced an additional one year commitment. During 2020, the funding commitments were extended to June 30, 2021 for this project. This funding will support the Genetics, Environmental, Microbial (GEM) Project at Mount Sinai Hospital.

As of December 31, 2020, the Organization has received a total of \$10,177,512 (2019 - \$10,177,512) from the Helmsley Charitable Trust for the GEM Project and has expended \$9,693,954 (2019 - \$9,026,669) with the remaining balance of \$483,558 (2019 - \$1,150,843) recognized as deferred revenue. The Organization is committed to a further \$320,000 (2019 - \$1,352,657) towards the GEM Project of which \$195,200 (2019 - \$515,200) represents its commitment for the next 12 months and is included in internally restricted research reserve fund (Note 9b).

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## 9. Fund Balances

### a) Endowment Fund

Endowment fund is The Jaclyn Fisher Endowment Fund which was established to carry out designated activities to support the Organization's Montreal education symposia, youth activities of the Organization and any program used to sensitize teachers and students to the disease and its effect. The capital is to be held in perpetuity. During the year \$40,235 (2019 - \$21,384) was contributed to the fund.

### b) Internally Restricted Research Reserve Fund

Internally restricted research reserve fund is an internally restricted fund representing the amount estimated for the Organization to honour future research grant commitments within twelve months.



## Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

### 9. Fund Balances - (Continued)

#### b) Internally Restricted Research Reserve Fund - (Continued)

The Organization expenses research grants when paid. Approved research grant commitments are not accrued in the financial statements as these grants are subject to continuous review and can be withdrawn if stipulated conditions are not met. A continuity of future research grant commitments is as follows:

	2020	2019
Research grant commitments, beginning of year	\$ 6,659,440	\$ 10,023,423
Research grants approved during the year	2,370,787	4,192,262
Research grants withdrawn/reduced during the year	(45,000)	(105,489)
	8,985,227	14,110,196
Research grants paid during the year	(4,183,760)	(7,450,756)
	4,801,467	6,659,440
Less: Research grant commitments beyond 12 months	(2,259,237)	(3,575,420)
	\$ 2,542,230	\$ 3,084,020

During the year, the board of directors approved the transfer of \$541,790 (2019 - \$582,778) from the internally restricted to the unrestricted fund to match commitments within the next 12 months as at year end.

#### c) Internally Restricted Property and Equipment

Internally restricted property and equipment is an internally restricted fund representing the carrying amount of property and equipment, less any indebtedness thereon.

#### d) Internally Restricted Operating Fund

Internally restricted operating fund is an internally restricted fund representing approximately three months of operating expenses excluding mission spending. During the year, there was no transfer (2019 - \$nil) from the unrestricted to restricted fund to match requirements of internal restriction of three months operating expenses.

#### e) Unrestricted Fund

Unrestricted fund balance represents the excess of revenue over expenses accumulated by the Organization that is not internally restricted.

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# Crohn's and Colitis Canada

## Notes to Financial Statements

December 31, 2020

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### 10. Financial Instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures at December 31, 2020:

#### Credit Risk

Credit risk arises as a result of the potential non-performance by counterparties of contract obligations which could lead to a financial loss to the Organization. The Organization's credit risk relates to cash, investments and accounts receivables.

#### Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting its obligations. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

#### Market Risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. The Organization is subject to interest rate risk on its fixed income investments, as disclosed in Note 5.

#### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is subject to currency risk to the extent that investments are held in foreign currencies, as disclosed in Note 5. The Organization is also subject to currency risk as a result of the Helmsley Charitable Trust Agreement (Note 8b). The Canadian dollar equivalent of balances denominated in United States dollars are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 456,791	\$ 388,748
Investments	1,864,300	1,720,516

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# Crohn's and Colitis Canada Notes to Financial Statements

**December 31, 2020**

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## **10. Financial Instruments - (Continued)**

### **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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is subject to price risk through its investments in listed equities. The Organization manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis.

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## **11. COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus, the "COVID-19" outbreak. On March 11 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. COVID-19 has had a significant effect on the financial markets. The Organization's investments (see Note 5) include a mix of equity and fixed income investments that are reported at their fair values on December 31, 2020. The Organization's investments recorded at fair value have seen fluctuations during the course of the year as a result of the uncertainty in the financial markets caused by COVID-19. Nevertheless, at year-end, the fair value of investments has increased as compared to its value in the prior year. The extent of any future impact on the Organization's investments or operations as a result of COVID-19 is unknown.

The Organization participated in the Canada Emergency Wage Subsidy ("CEWS") program and has received \$832,374 in wage subsidies and has received COVID-19 funding of \$678,421 from pharmaceutical companies, which have been included in gifts revenue in the statement of revenue and expenditures.

**Crohn's and Colitis Canada  
Notes to Financial Statements**

**December 31, 2020**

**12. Expense Allocation**

**For the year ended December 31, 2020**

	Research	Education/ Awareness/ Advocacy	Volunteer/ Chapter Services	Fundraising Expenses	General and Administrative	2020
Direct costs	\$ 4,417,182	\$ 603,050	\$ 13,273	\$ 1,114,864	\$ 77,628	\$ 6,225,997
Allocated costs						
Salaries and benefits	162,146	521,098	627,070	1,640,980	1,304,034	4,255,328
General office	90,541	59,548	39,647	191,930	277,025	658,691
Rent	28,823	43,033	23,599	87,089	67,835	250,379
Insurance	-	-	-	17,871	17,870	35,741
<b>Total</b>	<b>\$ 4,698,692</b>	<b>\$ 1,226,729</b>	<b>\$ 703,589</b>	<b>\$ 3,052,734</b>	<b>\$ 1,744,392</b>	<b>\$ 11,426,136</b>

For the year ended December 31, 2019

	Research	Education/ Awareness/ Advocacy	Volunteer/ Chapter Services	Fundraising Expenses	General and Administrative	2019
Direct costs	\$ 7,747,124	\$ 1,020,612	\$ 115,413	\$ 2,051,684	\$ 129,364	\$ 11,064,197
Allocated costs						
Salaries and benefits	213,998	389,087	651,721	1,545,065	1,091,001	3,890,872
General office	47,182	158,276	59,450	310,576	203,786	779,270
Rent	31,328	42,127	35,083	93,539	65,447	267,524
Insurance	-	-	-	14,754	14,754	29,508
<b>Total</b>	<b>\$ 8,039,632</b>	<b>\$ 1,610,102</b>	<b>\$ 861,667</b>	<b>\$ 4,015,618</b>	<b>\$ 1,504,352</b>	<b>\$ 16,031,371</b>