

**Canadian Celiac Association /
L'Association canadienne de la maladie coeliaque**
Financial Statements
December 31, 2020

Canadian Celiac Association / L'Association canadienne de la maladie coeliaque

Contents

For the year ended December 31, 2020

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To the Members of Canadian Celiac Association / L'Association canadienne de la maladie coeliaque:

Opinion

We have audited the financial statements of Canadian Celiac Association / L'Association canadienne de la maladie coeliaque (the "Association"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets 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 present fairly, in all material respects, the financial position of the Association as at December 31, 2020, and the results of its 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 Association 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 the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Mississauga, Ontario

May 17, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

**Canadian Celiac Association / L'Association canadienne de la maladie
coeliaque**

Statement of Financial Position

As at December 31, 2020

	<i>General Fund</i>	<i>J.A. Campbell Research Fund</i>	2020	2019
Assets				
Current				
Cash	399,302	89,200	488,502	223,743
Investments (Note 3)	-	114,182	114,182	364,352
Accounts receivable	55,063	-	55,063	68,204
Inventory	2,200	-	2,200	3,428
Interfund receivable (payable) (Note 9)	20,782	(20,782)	-	-
Prepaid expenses	23,779	-	23,779	15,511
	501,126	182,600	683,726	675,238
Investments (Note 3)	-	195,810	195,810	-
Capital assets (Note 4)	5,606	-	5,606	4,640
	506,732	378,410	885,142	679,878
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 5)	99,606	7,420	107,026	93,579
Deferred revenue (Note 6)	5,264	-	5,264	80,154
Due to Chapters	-	-	-	6,270
Bank loan (Note 7)	40,000	-	40,000	-
	144,870	7,420	152,290	180,003
Commitments (Note 11)				
Net Assets				
J.A. Campbell Research Fund	-	370,990	370,990	403,697
General Fund	361,862	-	361,862	96,178
	361,862	370,990	732,852	499,875
	506,732	378,410	885,142	679,878

Approved on behalf of the Board

E-SIGNED by Andrew Kotys

Director

E-SIGNED by Janet Bolton

Director

The accompanying notes are an integral part of these financial statements

**Canadian Celiac Association / L'Association canadienne de la maladie
coeliaque**

Statement of Operations

For the year ended December 31, 2020

	<i>General Fund</i>	<i>J.A. Campbell Research Fund</i>	2020	2019
Revenue				
Donations	514,419	14,589	529,008	337,347
Memberships	60,680	-	60,680	114,433
Sponsorship	72,100	-	72,100	80,050
Royalties	42,854	-	42,854	50,139
Government assistance <i>(Note 10)</i>	62,518	-	62,518	-
Other revenue	52,172	12	52,184	49,008
	804,743	14,601	819,344	630,977
Expenses				
Administrative	162,420	8,435	170,855	210,818
Quality of Life	52,736	-	52,736	146,172
Strength	130,533	-	130,533	90,276
Awareness	109,472	-	109,472	74,230
J.A. Campbell research award	-	33,874	33,874	21,800
Unrecovered HST	8,603	-	8,603	8,826
Diagnosis	38,675	-	38,675	12,162
Access	41,619	-	41,619	8,565
	544,058	42,309	586,367	572,849
Excess (deficiency) of revenue over expenses	260,685	(27,708)	232,977	58,128

The accompanying notes are an integral part of these financial statements

**Canadian Celiac Association / L'Association canadienne de la maladie
coeliaque**

Statement of Changes in Net Assets

For the year ended December 31, 2020

	<i>General Fund</i>	<i>Research Fund</i>	2020	2019
Net assets, beginning of year	96,177	403,698	499,875	441,747
Interfund transfers (Note 9)	5,000	(5,000)	-	-
Excess (deficiency) of revenue over expenses	260,685	(27,708)	232,977	58,128
Net assets, end of year	361,862	370,990	732,852	499,875

The accompanying notes are an integral part of these financial statements

**Canadian Celiac Association / L'Association canadienne de la maladie
coeliaque**

Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	232,977	58,128
Amortization	2,603	2,265
	235,580	60,393
Changes in working capital accounts		
Accounts receivable	13,141	(12,183)
Inventory	1,228	61
Prepaid expenses	(8,268)	3,466
Accounts payable and accrued liabilities	13,447	24,700
Deferred revenue	(74,890)	(17,098)
Due to Chapters	(6,270)	(2,707)
	173,968	56,632
Financing		
Advance of bank loan	40,000	-
Investing		
Purchase of capital assets	(3,569)	(4,293)
Purchase of investments	(309,990)	(170,200)
Proceeds on disposal of investments	364,350	214,354
	50,791	39,861
Increase in cash	264,759	96,493
Cash, beginning of year	223,743	127,250
Cash, end of year	488,502	223,743

The accompanying notes are an integral part of these financial statements

Canadian Celiac Association / L'Association canadienne de la maladie coeliaque

Notes to the Financial Statements

For the year ended December 31, 2020

1. Nature of operations

Canadian Celiac Association / L'Association canadienne de la maladie coeliaque (the "Association") is incorporated under the laws of Canada through letters of patent without share of capital. It is a registered charitable organization and, as such, is exempt from taxes under the Income Tax Act. The Association is dedicated to improving diagnosis and quality of life for all Canadians adversely affected by gluten.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Fund accounting

The Association follows the restricted fund method of accounting for contributions, and reports using fund accounting.

The General Fund reports the Association's revenue and expenses related to program delivery and administrative activities.

The J.A. Campbell Research Fund was established in honour of Dr. J. Alexander Campbell from all research funds received since 1987, to report the Association's fund restricted contributions and research expenditures.

Inventory

Inventory is comprised of finished goods intended for resale. Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business.

Revenue recognition

The Association uses the restricted fund method of accounting for contributions. Restricted contributions related to research are recognized as revenue of the J.A Campbell Research Fund ("Research Fund") in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the General Fund because there is not an appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Association's operations and would otherwise have been purchased.

The Association receives the contribution of time and services provided by volunteers. Due to the difficulty in estimating a fair value, these contributions are not recognized in the financial statements.

Allocation of expenses

The Association engages in member services, fundraising, infrastructure, awareness, strength, quality of life, diagnosis and governance activities. The costs of each activity include salaries and benefits, supplies and other expenses directly related to the activity. The Association also incur a number of general and administrative expenses that are common to the administration of the Association and each of the functions.

The Association records salaries and benefits expenses to programs and administration based on its best estimate of time directed by staff during the year. Administrative and general support expenses are not allocated to programs.

2. **Significant accounting policies** (Continued from previous page)

Capital assets

Capital assets are recorded at cost. Amortization is calculated using the methods set out below applied to the cost of the assets, at annual rates based on their estimated useful lives as follows:

	Method	Years
Computer equipment	straight-line	3 years
Furniture and fixtures	straight-line	8 years

Financial instruments

The Association recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Association subsequently measures financial instruments at cost or amortized cost less impairment. The Association assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets;

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian ASNPO 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the periods in which they become known.

Canadian Celiac Association / L'Association canadienne de la maladie coeliaque

Notes to the Financial Statements

For the year ended December 31, 2020

3. Investments

	2020	2019
GIC, 1.80%, matured March 2, 2020	-	192,201
GIC, 1.37%, matured March 2, 2020	-	172,151
GIC, 1.89%, matures March 2, 2022	195,810	-
GIC, 1.73%, matures March 2, 2021	114,182	-
	<hr/>	<hr/>
	309,992	364,352
Less: current portion	114,182	364,352
	<hr/>	<hr/>
	195,810	-

4. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	46,928	43,256	3,672	2,388
Furniture and fixtures	8,168	6,234	1,934	2,252
	<hr/>	<hr/>	<hr/>	<hr/>
	55,096	49,490	5,606	4,640

5. Accounts payable and accrued liabilities

	2020	2019
Trade payables	95,532	85,644
Government remittance	4,074	3,185
J.A. Campbell research fund holdback	7,420	4,750
	<hr/>	<hr/>
	107,026	93,579

The Association holds a corporate credit card with a maximum limit of \$5,000. Included in trade payables is a balance due on the credit card of \$2,645 (2019 - \$2,843).

6. Deferred revenue

Deferred membership revenue, included in deferred revenue, represents amounts received in respect of future years. The amount of deferred membership revenue at year end is \$5,264 (2019 - \$60,154).

In addition, the Association received \$Nil (2019 - \$20,000) for Growing Up Celiac Program. During the year, the amount of \$20,000 (2019 - \$18,000) was recognized into revenue.

7. Bank loan

Bank loan in the amount of \$40,000, non-interest bearing, received under the Canada Emergency Business Account (CEBA) program. The loan shall be considered repaid in full if the Association repays at least 75% (\$30,000) of the principal amount on or before the termination date of December 31, 2022 ("Forgiveness Benefit"). If this loan amount is not repaid before the termination date, the Forgiveness Benefit will not be available to the Association, the lender will automatically extend the term of the loan for three years until December 31, 2025, bearing interest at 5% per annum. Subsequent to year-end, an additional amount of \$20,000 was advanced under CEBA program.

Canadian Celiac Association / L'Association canadienne de la maladie coeliaque

Notes to the Financial Statements

For the year ended December 31, 2020

8. Allocation of expenses

Salaries and benefits expenses have been included in programs and administration as follows:

	2020	2019
Quality of life	11,752	65,100
Administration	47,799	82,365
Awareness	74,481	43,576
J.A. Campbell research administration	8,157	-
Strength	68,939	29,986
Diagnosis	38,675	7,751
Access	38,969	7,751
	288,772	236,529

9. Interfund transfers

During the year, the Association transferred \$5,000 (2019 - \$ Nil) from J. A. Campbell Research Fund to General Fund to repay some of the interfund balance outstanding. Interfund balances receivable (payable) are unsecured, non-interest bearing, and have no set terms of repayment.

10. Government assistance

The Association received government assistance under the temporary Canada Emergency Wage Subsidy (CEWS), a program launched in response to the pandemic. Qualifying organizations received funds to assist with payroll costs. The amount of staff compensation and the decline experienced in revenue factored into the amount of the subsidy.

11. Commitments

The Association has entered into various lease agreements with estimated minimum annual payments as follows:

2021	19,300
2022	19,356
2023	18,776
2024	10,253
	67,685

12. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is subject to credit risk with respect to its accounts receivable, cash and term deposits. There has been no history of significant impairments and management considers there to be a low exposure to the credit risk.

There is a concentration of the credit risk, whereby two (2019 - two) debtors represents 75% (2019 - 65%) of the total accounts receivable balance at year end. Additionally, cash and investments primarily represent amounts on deposit with one financial institution. This concentration of credit risk is managed by depositing with a national federally-regulated bank.

Canadian Celiac Association / L'Association canadienne de la maladie coeliaque

Notes to the Financial Statements

For the year ended December 31, 2020

13. Environmental Risk

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on business through restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation / quarantine orders. At this time, it is unknown what the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation / quarantine measures that are currently, or may be put in place by Canada and other countries to fight the virus.