

**Iris the Dragon Inc.**

Financial Statements  
**June 30, 2020**

# Iris the Dragon Inc.

## Statement of Cash Flows

For the year ended June 30, 2020

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	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue (expenses) for the year	3,508	(44,587)
Item not affecting cash		
Amortization	72	91
Change in non-cash working capital items		
Accounts receivable	(7,378)	(449)
Inventory	960	(1,270)
Prepaid expense	(5,065)	3,375
Accounts payable and accrued liabilities	(4,265)	20,111
Deferred contributions	19,691	116,950
	<u>7,523</u>	<u>94,221</u>
<b>Financing activities</b>		
(Repayment to) proceeds from Directors	<u>(1,431)</u>	<u>7,813</u>
<b>Change in cash during the year</b>	<b>6,092</b>	<b>102,034</b>
<b>Cash – Beginning of year</b>	<u>141,030</u>	<u>38,996</u>
<b>Cash – End of year</b>	<u>147,122</u>	<u>141,030</u>

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

**Iris the Dragon Inc.**  
**Statement of Financial Position**  
**As at June 30, 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash	147,122	141,030
HST receivable	8,452	1,074
Inventory	1,200	2,160
Prepaid expense	5,065	-
	<hr/>	<hr/>
	161,839	144,264
<b>Property and equipment</b> (note 3)	291	363
	<hr/>	<hr/>
	<b>162,130</b>	<b>144,627</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 4)	22,077	26,342
Deferred contributions (note 5)	136,641	116,950
	<hr/>	<hr/>
	158,718	143,292
<b>Due to directors</b> (note 6)	314,934	316,365
	<hr/>	<hr/>
	473,652	459,657
<b>Net liabilities</b>	<hr/>	<hr/>
	<b>(311,522)</b>	<b>(315,030)</b>
	<hr/>	<hr/>
	<b>162,130</b>	<b>144,627</b>

Approved by the Board of Directors

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 Director

*Gayle Grant*

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 Director

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

# Iris the Dragon Inc.

## Statement of Operations and Net Liabilities

For the year ended June 30, 2020

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	2020 \$	2019 \$
<b>Revenue</b>		
Performance & Accountability Frameworks	146,779	49,720
Include Me	-	163,835
Other	5,565	2,502
	<hr/> 152,344	<hr/> 216,057
<b>Expenses</b>		
Performance & Accountability Frameworks	146,779	49,620
Include Me	-	203,828
Operations	1,985	7,105
Amortization	72	91
	<hr/> 148,836	<hr/> 260,644
<b>Net revenue (expenses) for the year</b>	3,508	(44,587)
<b>Net liabilities – Beginning of year</b>	<hr/> (315,030)	<hr/> (270,443)
<b>Net liabilities – End of year</b>	<hr/> (311,522)	<hr/> (315,030)

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

# **Iris the Dragon Inc.**

Notes to Financial Statements

June 30, 2020

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## **1 Purpose of the organization**

Iris the Dragon Inc. (the Organization) is the producer of mental health education tool for schools, workplaces and communities.

The Organization is incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under subsection 149(1)(f) of the Income Tax Act Canada and is exempt from income taxes.

## **2 Summary of significant accounting policies**

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are as follows.

### **Use of estimates**

The preparation of financial statements in conformity with ASNPO 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. Actual results could differ from those estimates.

### **Inventory**

Inventory is recorded at the lower of cost and net realizable value.

### **Property and equipment**

Property and equipment are initially recorded at cost and are amortized over their useful lives, using the declining balance method as follows:

Computer equipment	30%
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### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions.

Revenue received in respect of projects is deferred until the related expenditures are incurred.

Unrestricted donations are recognized as revenue when received. Funds received designated for an activity or project by the donor are recognized as revenue when used for the purpose for which the funds were received.

**Financial instruments**

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain instruments originated or acquired in related party transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and HST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and due to directors.

Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If there are indicators of impairment, and the Organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, the carrying amount of the asset is reduced to the higher of the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest, and the amount that could be realized by selling the asset at the statement of financial position date.

**3 Property and equipment**

			<u>2020</u>	<u>2019</u>
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer equipment	2,491	2,200	291	363

Cost and accumulated amortization amounted to \$2,491 and \$2,128, respectively, as at June 30, 2019.

**4 Accounts payable and accrued liabilities**

Government remittances of \$nil (2019 – \$nil) are included in accounts payable and accrued liabilities.

**5 Deferred contributions**

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
Performance & Accountability Frameworks	116,950	166,470	(146,779)	136,641

## **6 Related party transactions**

The Organization has related party transactions in the normal course of business. These transactions are recorded at the exchange amount, which is the amount agreed upon by the respective parties.

Amounts due to three members of the Board of Directors of the Organization are non-interest bearing and have no specified terms of repayment.

Performance & Accountability Frameworks expenses include professional services fee paid to the Board of Directors, which amounted to \$75,000 (2019 – \$15,500).

## **7 Commitments and contingencies**

The Organization is committed to minimum annual payments under a lease for its head office, payable to a director, as follows:

	\$
Year ending June 30, 2021	8,000
2022	6,000

This related party transaction is in the normal course of business and has been recorded at the exchange amount.

Contribution agreements allow funding agencies to conduct audits to ensure project expenditures are in accordance with the terms and conditions. Ineligible expenditures, if any, may result in the Organization reimbursing a portion of the funding. Management believes the Organization has incurred no ineligible expenditures and has, therefore, not recorded any liability for reimbursement. According to the funding agreement, the Organization will receive \$166,569 in 2021 (2020 – \$166,470).

## **8 Financial instruments**

### **Financial risk management**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations.

### **Liquidity risk**

The Organization's objective is to have sufficient liquidity to meet its liabilities when they come due. The Organization manages liquidity risk by monitoring, on a regular basis, that sufficient funds are generated from funding agreement(s) to meet the Organization's future commitments. The significant financial liabilities at year-end are accounts payable and accrued liabilities and due to directors. The Directors have confirmed, in order to assist the Organization in fulfilling its financial obligations, the balance due from the Organization would not be recalled within one year of the date of the statement of financial position.

# **Iris the Dragon Inc.**

Notes to Financial Statements

June 30, 2020

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## **Credit risk**

The Organization's credit risk arises on cash and HST receivables. The Organization does not have significant concentration risk. The Organization's cash is maintained at major financial institution; therefore, the Organization considers the risk of non-performance of these instruments to be remote. HST receivable is due from federal and provincial governments and do not bear significant credit risk.

## **9 Implication of COVID-19 pandemic**

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the authorities to contain the virus have affected global and local economic activity. The long-term impact of the outbreak remains uncertain; management is closely monitoring the economic development and any potential impacts there may be on operations.



# Iris the Dragon audit results for the year ended June 30, 2020

To the Board of Directors  
October 2, 2020

