



BC Epilepsy Society

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2017

Independent Auditor's Report

To the Members of
the British Columbia Epilepsy Society

We have audited the accompanying financial statements of the British Columbia Epilepsy Society, which comprise the statements of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many organizations of this nature, the Society derives revenue from donations and membership fees that are not susceptible to complete audit verification. Accordingly, our verification of revenue from these sources was limited to accounting for amounts recorded in the records of the Society.

Qualified Opinion

In our opinion, except for effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the British Columbia Epilepsy Society as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Sidhu Straker & Associates

Chartered Professional Accountants
Vancouver, British Columbia
April 25, 2018

BRITISH COLUMBIA EPILEPSY SOCIETY
Statements of Financial Position
As at December 31

| | <i>Note</i> | 2017 | 2016 |
|--|-------------|-------------------|-------------------|
| ASSETS | | | |
| Current | | | |
| Cash | | \$ 102,703 | \$ 122,900 |
| Receivables | | 2,500 | 1,025 |
| Prepaid expenses | | 3,362 | 3,984 |
| | | <u>\$ 108,565</u> | <u>\$ 127,909</u> |
| LIABILITIES | | | |
| Current | | | |
| Line of credit | 3 | \$ - | \$ 21,274 |
| Accounts payable and accrued liabilities | | 4,200 | 4,200 |
| | | <u>4,200</u> | <u>25,474</u> |
| NET ASSETS | | | |
| Internally restricted | 4 | 2,524 | 3,124 |
| Unrestricted | | 101,841 | 99,311 |
| | | <u>104,365</u> | <u>102,435</u> |
| | | <u>\$ 108,565</u> | <u>\$ 127,909</u> |

These financial statements are approved for issue by the Board of Directors on April 25, 2018.

"Dan O'Brien"

Dan O'Brien, Director

"Trevor Young"

Trevor Young, Director

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA EPILEPSY SOCIETY
Statements of Changes in Net Assets

| | Internally restricted | Unrestricted | Total |
|---|--------------------------|--------------|------------|
| Balance, December 31, 2016 | \$ 3,124 | \$ 99,311 | \$ 102,435 |
| Net income (loss) for the year | - | 2,530 | 2,530 |
| Net change in internally imposed restrictions | (600) | - | (600) |
| Balance, December 31, 2017 | \$ 2,524 | \$ 101,841 | \$ 104,365 |

| | Internally restricted | Unrestricted | Total |
|---|--------------------------|--------------|------------|
| Balance, December 31, 2015 | \$ 3,874 | \$ 101,090 | \$ 104,964 |
| Net income (loss) for the year | - | (1,779) | (1,779) |
| Net change in internally imposed restrictions | (750) | - | (750) |
| Balance, December 31, 2016 | \$ 3,124 | \$ 99,311 | \$ 102,435 |

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA EPILEPSY SOCIETY
Statements of Operations

| | | Year ended December 31, | |
|---------------------------------------|------|-------------------------|------------|
| | Note | 2017 | 2016 |
| REVENUES | | | |
| Grants | | | |
| Gaming | | \$ 117,000 | \$ 117,000 |
| Partners in teaching | | 5,500 | 20,000 |
| Other revenue | | | |
| Donations | | 54,541 | 35,357 |
| Endowment fund investment income | 5 | 25,081 | 24,044 |
| Interest and other income | | 104 | 301 |
| Membership fees | | - | 235 |
| Special events | | 16,379 | 2,048 |
| Telemarketing campaign | | 56,649 | 64,217 |
| United Way | | 4,000 | 2,438 |
| | | 279,254 | 265,640 |
| EXPENSES | | | |
| Communications | | 1,779 | 1,441 |
| Consulting | | - | 3,538 |
| Interest and bank charges | | 228 | 1,199 |
| Insurance | | 3,253 | 3,503 |
| Office | | 15,447 | 14,437 |
| Professional fees | | 8,638 | 6,683 |
| Rent | | 36,900 | 34,444 |
| Salaries and benefits | | 158,122 | 147,135 |
| Scholarships | | 2,000 | - |
| Special events | | 2,797 | 1,844 |
| Telemarketing campaign | | 43,611 | 42,682 |
| Travel | | 1,960 | 779 |
| Website | | 1,989 | 9,734 |
| | | 276,724 | 267,419 |
| Net income (loss) for the year | | \$ 2,530 | \$ (1,779) |

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA EPILEPSY SOCIETY
Statements of Cash Flows

| | Year ended December 31, | |
|--|--------------------------------|-------------------|
| | 2017 | 2016 |
| Cash flows from operating activities | | |
| Net income (loss) for the year | \$ 2,530 | \$ (1,779) |
| Changes in non-cash working capital items: | | |
| Receivables | (1,475) | 1,482 |
| Gaming grant receivable | - | 117,000 |
| Prepaid expenses | 622 | - |
| | <u>1,677</u> | <u>116,703</u> |
| Cash flows to investing activities | | |
| Camp subsidies | (600) | (750) |
| | <u>(600)</u> | <u>(750)</u> |
| Cash flows from (to) financing activities | | |
| Line of credit | (21,274) | 2,530 |
| | <u>(21,274)</u> | <u>2,530</u> |
| Change in cash for the year | (20,197) | 118,483 |
| Cash, beginning of year | 122,900 | 4,417 |
| Cash, end of year | \$ 102,703 | \$ 122,900 |

The accompanying notes are an integral part of these financial statements

BRITISH COLUMBIA EPILEPSY SOCIETY
Notes to the Financial Statements
For the year ended December 31, 2017

1. Purpose of the organization

The British Columbia Epilepsy Society (the “Society”) was incorporated on August 17, 1959 under the Society Act of British Columbia. The purpose of the Society is to empower, educate, and support British Columbians living with epilepsy and their families, and fund research to find a cure. The Society is a charitable organization and is not subject to income taxes under the Income Tax Act.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Revenue recognition

The Society derives revenue from fundraising events and donations, which is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Society follows the deferral method of accounting for revenue. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Restricted contributions related to equipment are amortized to revenue on the same basis as the related equipment. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

BRITISH COLUMBIA EPILEPSY SOCIETY
Notes to the Financial Statements
For the year ended December 31, 2017

2. Significant accounting policies (continued)

Donated goods and services

The Foundation and its members benefit greatly from donated services and facilities in the form of volunteer time. The Foundation also receives donated goods and services to be auctioned at fundraising events. Because of the difficulty in determining their fair value, the donated goods and services are not recognized in these financial statements. The property received for auctioned items are reflected as fundraising revenue.

Financial instruments

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all of its financial assets and financial liabilities as amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these assets and liabilities.

Fair value approximates amounts at which financial instruments could be exchanged between willing parties, based on current markets for instruments of the same risk, principal and remaining maturities. Fair values are based on quoted market values.

3. Line of credit

The Society has an operating loan with VanCity Credit Union to a maximum of \$50,000. The operating loan is secured by a general security agreement made by the Society creating a security interest against all present and after-acquired personal property and registered (1st position) at the Personal Property Registry against the Society. It bears interest at prime plus 2.75% per annum when drawn upon. As at December 31, 2017, the balance of this line of credit was \$Nil (2016 - \$21,274).

BRITISH COLUMBIA EPILEPSY SOCIETY
Notes to the Financial Statements
For the year ended December 31, 2017

4. Internally restricted

By motions of the Board, funds have been internally restricted for future purposes as follows:

| | Camp subsidies | Total |
|---|-----------------------|--------------|
| At December 31, 2015 | \$ 3,874 | \$ 3,874 |
| Net change in internally imposed restrictions | (750) | (750) |
| At December 31, 2016 | 3,124 | 3,124 |
| Net change in internally imposed restrictions | (600) | (600) |
| At December 31, 2017 | \$ 2,524 | \$ 2,524 |

Camp subsidies

This amount represents funding required for camp subsidies to send kids with epilepsy to the Zajac Ranch. During the year ended December 31, 2017, the Society spent \$600 (2016 - \$750) on camp subsidies.

5. Endowment fund

The Society established an endowment fund in 1994 through the auspices of the Vancouver Foundation. The total principal balance in the fund is \$511,169 of which \$50,000 was contributed by the Vancouver Foundation representing "matching" contributions of \$25,000 in each of the years 1994 and 1995. Under the terms of the Trust, the principal must be retained in perpetuity. Only the income can be distributed and is to be used for the "charitable operations" of the Society. The Vancouver Foundation has complete control over the Trust. It cannot be dissolved by action of the Society Board and, in the event the Society would cease to exist and/or cease to be a registered charity, the principal would revert to the Vancouver Foundation who could then use the income to support similar charitable activities. During the year ended December 31, 2017, the Society received \$25,081 (2016 - \$24,044) in investment income from the endowment fund.

6. Commitments

In December 2016, the Society entered into a three-year lease agreement for office space in Vancouver. The minimum rent payable pursuant to this lease agreement is as follows:

| Year | Amount |
|-------------|---------------|
| 2018 | \$ 36,900 |
| 2019 | 33,825 |
| | \$ 70,725 |

BRITISH COLUMBIA EPILEPSY SOCIETY
Notes to the Financial Statements
For the year ended December 31, 2017

7. Financial instruments

The Society has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of potential loss to the Society if a counterparty to a financial instrument fails to meet its contractual obligations. The Society's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. Cash is maintained with federally and provincially regulated Canadian financial institutions. Receivables consists primarily of GST rebates due from the government of Canada. The risk of non-performance of these instruments is considered to be remote.

Liquidity risk

Liquidity risk is the risk that the Society will not have the resources to meet its obligations as they come due. The Society's exposure to liquidity risk is dependent on receipt of funds from government, contributors and members. In the opinion of management, the liquidity risk exposure to the Society is low and is not material.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, currency exchange rates, and equity prices. It is management's opinion that the Society is not exposed to significant interest, currency or equity price risks arising from its financial instruments.

