

---

**BRITISH COLUMBIA EPILEPSY SOCIETY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

---

## INDEPENDENT AUDITORS' REPORT

---

To the Members of British Columbia Epilepsy Society

### Report on the Financial Statements

#### Qualified Opinion

We have audited the financial statements of British Columbia Epilepsy Society (the "Society"), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society 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 Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of donation revenue was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended December 31, 2020, total assets as at December 31, 2020, and net assets at both the beginning and end of the December 31, 2020 year. In this respect the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations. The effects of this departure from Canadian accounting standards for not-for-profit organizations have not been determined.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with 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 qualified audit 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

*(continues)*

---

## INDEPENDENT AUDITORS' REPORT

---

Those charged with governance are responsible for overseeing the Society's financial reporting process.

### **Auditors' 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 auditors' 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

---

## INDEPENDENT AUDITORS' REPORT

---

### Other Matter

The corresponding figures for the year ended December 31, 2019 were reviewed but not audited.

### Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

*Manning Elliott LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
April 21, 2021

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	2020	2019 <i>Unaudited</i>
<b>ASSETS</b>		
CURRENT		
Cash	\$ 150,226	\$ 983,875
Term deposits (Note 4)	600,000	-
Government subsidy receivable (Note 1)	37,166	-
Government remittances receivable	7,275	7,007
Prepaid expenses	17,195	16,047
	<b>\$ 811,862</b>	<b>\$ 1,006,929</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,000	\$ 9,867
<b>NET ASSETS</b>	<b>801,862</b>	<b>997,062</b>
	<b>\$ 811,862</b>	<b>\$ 1,006,929</b>

COMMITMENT (Note 9)

**Approved on behalf of the Board**

\_\_\_\_\_ *Dan O'Brien, Director*

\_\_\_\_\_ *Trevor Young, Director*

See notes to financial statements

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Unrestricted	Internally restricted for camp subsidy (Note 6)	Internally restricted for capital assets (Note 6)	<b>2020</b>	2019 <i>Unaudited</i>
NET ASSETS - BEGINNING OF YEAR	\$ 994,538	\$ 2,524	\$ -	<b>\$ 997,062</b>	\$ 950,667
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(195,200)	-	-	<b>(195,200)</b>	46,395
INTERFUND TRANSFER	(500,000)	-	500,000	-	-
NET ASSETS - END OF YEAR	\$ 299,338	\$ 2,524	\$ 500,000	<b>\$ 801,862</b>	\$ 997,062

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019 <i>Unaudited</i>
<b>REVENUE</b>		
Grants		
Gaming	\$ 55,000	\$ -
Other	8,800	19,601
Other		
Donations	126,677	453,141
Endowment fund investment income <i>(Note 7)</i>	28,255	27,467
Government subsidy <i>(Note 1)</i>	131,352	-
Interest and other income	462	840
Special events	6,036	-
Telemarketing campaign	-	1,570
United Way	258	1,378
	<b>356,840</b>	<b>503,997</b>
<b>EXPENSES</b>		
Communications	12,972	9,543
Consulting fees	24,638	38,274
Insurance	3,204	3,974
Interest and bank charges	674	382
Office	18,253	55,302
Professional fees	27,579	11,186
Rent	87,965	45,610
Salaries and benefits <i>(Note 8)</i>	347,257	238,211
Scholarships	1,500	-
Special events	6,055	21,226
Travel	21,133	32,453
Website	810	1,441
	<b>552,040</b>	<b>457,602</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ (195,200)</b>	<b>\$ 46,395</b>

See notes to financial statements

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	2019 <i>Unaudited</i>
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses for the year	<b>\$ (195,200)</b>	\$ 46,395
Changes in non-cash working capital:		
Government subsidy receivable	<b>(37,166)</b>	-
Government remittances receivable	<b>(268)</b>	728
Grants receivable	-	110,000
Prepaid expenses	<b>(1,148)</b>	(13,618)
Accounts payable and accrued liabilities	<b>133</b>	(4,183)
	<b>(38,449)</b>	92,927
Cash flow from (used by) operating activities	<b>(233,649)</b>	139,322
<b>FINANCING ACTIVITY</b>		
Purchase of term deposits	<b>(600,000)</b>	-
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(833,649)</b>	139,322
<b>CASH - BEGINNING OF YEAR</b>	<b>983,875</b>	844,553
<b>CASH - END OF YEAR</b>	<b>\$ 150,226</b>	\$ 983,875

See notes to financial statements



---

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

1. PURPOSE OF THE ORGANIZATION

British Columbia Epilepsy Society (the "Society") was incorporated on August 17, 1959 under the Society Act of British Columbia. The Society transitioned to the British Columbia Societies Act in fiscal 2017. 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 (Canada).

In March 2020, a global health pandemic was declared due to the COVID-19 virus, which has had a significant impact on economic and social activity through the restrictions put in place by various levels of government regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact that the COVID-19 health pandemic may have on the Society is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. The Society continues to monitor its operations and assess the impact COVID-19 will have on its operating activities and will make any necessary adjustments to maintain its financial position.

At this time, the Society continues to operate by taking the necessary precautions set out by the Canadian Government. The fluctuation on the Society's revenue has been nominally influenced by the pandemic, instead the fluctuations are due to bequests that cannot be anticipated. The Society has attempted to mitigate any risks of COVID-19 by taking advantage of the Canada Emergency Wage Subsidy ("CEWS") by receiving a subsidy of \$131,352 to cover salary expenses for the year.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Cash

Cash includes balances with bank and any term deposits or money market instruments with maturities less than 90 days outstanding at the date of acquisition.

---

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments

i) Measurement

The Society's financial instruments consist of cash, term deposits, and accounts payable. The Society initially measures all of its financial instruments at fair value. The Society subsequently measures all of its financial instruments at amortized cost, except for investments in equity instruments that are quoted in the active market, which are measured at fair value. Changes in fair value of equity instruments are recognized in the statement of operations.

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations in the period in which it is determined.

iii) Transaction costs

The Society recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) Revenue recognition

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. 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.

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.

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

(d) Contributed services and materials

The Society benefits from contributed services in the form of volunteer time and contributed materials. Contributed services are not recognized in the financial statements. Contributed materials are recorded at the fair market value only when a realizable value of the related benefit can be reasonably estimated and the materials are used in the normal course of operations and would otherwise have been purchased.

---

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenue and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent; however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the amount recorded as accrued liabilities.

3. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 2(b). In management's opinion, the Society is not exposed to significant credit, liquidity, market, currency, interest rate or other market risk arising from these financial instruments, except as described below. In addition, the Society is not exposed to any material concentrations of risk and there has been no significant change in risk exposures from the prior year, except in relation to the COVID-19 health pandemic (Note 1).

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to this risk mainly in respect of its receivables.

Although the COVID-19 health pandemic has had a significant impact on many organizations as explained in Note 1, based on the nature of the Society's operations, management has determined the Society's credit risk to be minimal and will continue to monitor cash collections to mitigate any potential credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on receipt of funds from the government, contributors and members. The Society mitigates liquidity risk by managing its working capital and cash flows.

There is increased liquidity risk as a result of the COVID-19 health pandemic as explained in Note 1, as there is risk that the Society may be unable to receive additional donations. The Society will continue to monitor its cash flows and pro-actively communicate with all parties to mitigate this risk and anticipates that its cash reserves will adequately minimize liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is not exposed to currency risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Society is exposed to interest rate risk on its fixed rate term deposits and mitigates this by holding term deposits that mature within a year.

---

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

4. TERM DEPOSITS

As at year end the Society holds two term deposits for \$500,000 and \$100,000 (2019 - \$Nil), the term deposits mature on October 8, 2021 and bear interest at 0.75% and 0.55% respectively.

5. LINE OF CREDIT

The Society has an operating loan with Vancouver City Savings Credit Union ("Vancity") with the following terms: a maximum amount of \$50,000 and bears interest at prime + 2.75% per annum. 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 is registered (first position) at the Personal Property Registry against the Society.

As at December 31, 2020 and 2019, the line of credit was not in use.

6. INTERNALLY RESTRICTED

The following funds are internally restricted by motions of the Board and as such are not available for other purposes without approval of the board of directors. These net assets have been restricted for the following purposes:

- Internally restricted for capital assets - restricted fund that has been internally restricted to be used to purchase a property upon the expiration of the current office lease in October 2024.
- Internally restricted for camp subsidies - restricted fund that has been internally restricted for funding required for camp subsidies to send kids with epilepsy to the Zajac Ranch. During the year ended December 31, 2020, the Society spent \$Nil (2019 - \$Nil) on camp subsidies.

The Board reviews the internally restricted funds annually to confirm that they remain appropriate.

7. 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 (Market value: 2020 - \$763,499, 2019 - \$730,397) 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, 2020, the Society received \$28,255 (2019 - \$27,467) in investment income from the endowment fund.

8. SALARIES AND BENEFITS

Salaries and benefits includes one employee that earned over \$75,000, for a total of \$97,558 (2019 - one employee that earned over \$75,000, for a total of \$104,302).

---

**BRITISH COLUMBIA EPILEPSY SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

---

9. COMMITMENT

The Society has leased office space in Burnaby. The anticipated minimum lease payments over the next four years are as follows:

2021	\$	57,561
2022		59,768
2023		62,159
2024		60,688
		<u>240,176</u>
	\$	<u>240,176</u>

10. COMPARATIVE FIGURES

Certain amounts from the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Such reclassification does not have any impact on the total assets, total net assets, or excess of revenues over expenses previously reported.