
**BRITISH COLUMBIA EPILEPSY SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021, 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 matter 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, 2021, 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 of 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, deficiency of revenue over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, total assets as at December 31, 2021 and 2020, and net assets at both the beginning and end of the December 31, 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation of scope.

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.

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

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
May 2, 2022

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 85,073	\$ 150,226
Term deposit (Note 4)	600,000	600,000
Government subsidy receivable (Note 9)	40,433	37,166
Government remittances receivable	6,780	7,275
Prepaid expenses	21,657	17,195
	\$ 753,943	\$ 811,862
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 12,413	\$ 10,000
GOVERNMENT LOAN (Note 6)	40,000	-
	52,413	10,000
NET ASSETS	701,530	801,862
	\$ 753,943	\$ 811,862

COMMITMENT (Note 11)

Approved on behalf of the Board

_____ Dan O'Brien, Director

_____ Trevor Young, Director

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Unrestricted	Internally restricted for camp subsidy (Note 7)	Internally restricted for capital assets (Note 7)	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 299,338	\$ 2,524	\$ 500,000	\$ 801,862	\$ 997,062
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	(100,332)	-	-	(100,332)	(195,200)
NET ASSETS - END OF YEAR	\$ 199,006	\$ 2,524	\$ 500,000	\$ 701,530	\$ 801,862

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
REVENUE		
Grants		
Gaming	\$ 110,000	\$ 55,000
Other	8,781	8,800
Other		
Donations	56,282	126,677
Endowment fund investment income <i>(Note 8)</i>	28,468	28,255
Forgivable portion of government loan <i>(Note 6)</i>	20,000	-
Government subsidies <i>(Note 9)</i>	175,210	131,352
Interest and other income	4,300	462
Special events	-	6,036
United Way	2,925	258
	405,966	356,840
EXPENSES		
Communications	15,053	12,972
Consulting fees	16,605	24,638
Insurance	4,741	3,204
Interest and bank charges	433	674
Office	16,224	17,960
Professional fees	19,179	27,579
Rent	92,590	88,258
Salaries and benefits <i>(Note 10)</i>	325,812	347,257
Scholarships	1,500	1,500
Special events	-	6,055
Travel	12,114	21,133
Website	2,047	810
	506,298	552,040
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	\$ (100,332)	\$ (195,200)

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (100,332)	\$ (195,200)
Item not affecting cash:		
Forgivable portion of government loan <i>(Note 6)</i>	(20,000)	-
	(120,332)	(195,200)
Changes in non-cash working capital:		
Government subsidy receivable	(3,267)	(37,166)
Government remittances receivable	495	(268)
Prepaid expenses	(4,462)	(1,148)
Accounts payable and accrued liabilities	2,413	133
	(4,821)	(38,449)
	(125,153)	(233,649)
FINANCING ACTIVITIES		
Purchase of term deposit	-	(600,000)
Receipt of government loan	60,000	-
	60,000	(600,000)
DECREASE IN CASH DURING THE YEAR	(65,153)	(833,649)
CASH - BEGINNING OF YEAR	150,226	983,875
CASH - END OF YEAR	\$ 85,073	\$ 150,226

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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).

The COVID-19 health pandemic has had a significant impact on social and economic activity through the restrictions put in place by various levels of government regarding travel, business operations and isolation/quarantine orders. 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.

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.

(b) Financial instruments

i) Measurement

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

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BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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 contributions. 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) Government assistance

Government assistance in the form of subsidies for current expenses is treated in accordance with that of a contribution and is recognized in the period the funding is received or becomes receivable as described in Note 2(c), and is presented separately on the statement of operations.

(e) 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.

(f) 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 amounts recorded as accrued liabilities.

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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 cash and term deposit. The risk associated with cash and the term deposit is minimized to the extent that they are placed with financial institutions.

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.

Currency risk

Currency risk is the risk that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is not exposed to currency risk as all operations and financial instruments are conducted and denominated in Canadian dollars.

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 deposit and mitigates this risk by holding term deposits that mature within a year.

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 Society is not exposed to other price risk.

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

4. TERM DEPOSIT

As at December 31, 2021, the Society holds one term deposit for \$600,000 (2020 - two term deposits for \$500,000 and \$100,000). The term deposit matures on November 16, 2022 and bears interest at 0.25% (2020 - 0.55% and 0.75%).

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, 2021 and 2020, the line of credit was not in use.

6. GOVERNMENT LOAN

The Society received an interest-free loan under the Canada Emergency Business Account ("CEBA") program. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of up to \$20,000, which has been recorded as revenue in the year ended December 31, 2021.

7. 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, 2021, the Society spent \$Nil (2020 - \$Nil) on camp subsidies.

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

Transfers between the funds are made when it is considered appropriate and authorized by the Board. The interfund transfers are recorded in the statement of changes in net assets.

8. 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 \$512,519 (2020 - \$511,169) (Market value: 2021 - \$824,053, 2020 - \$763,499) 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, 2021, the Society received \$28,468 (2020 - \$28,255) in investment income from the endowment fund.

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. GOVERNMENT SUBSIDIES

In response to the COVID-19 pandemic, the Society took advantage of government programs providing relief to not-for-profit organizations and businesses. The Society received \$91,652 (2020 - \$131,352) in Canada Emergency Wage Subsidy ("CEWS") relief provided by the Canadian government.

The Society was also eligible for the Canada Emergency Rent Subsidy ("CERS") and received \$43,125 (2020 - \$Nil) from the Canadian government.

As of October 24, 2021, the CEWS and CERS programs were replaced with the Hardest-Hit Business Recovery Program ("HHBRP"). The Society received \$40,433 (2020 - \$Nil) from HHBRP for payroll and rental assistance.

Government assistance is recognized as revenue in the statement of operations in accordance with Note 2(d).

10. SALARIES AND BENEFITS

Salaries and benefits includes one employee that earned over \$75,000, for a total of \$86,779 (2020 - one employee that earned over \$75,000, for a total of \$97,558).

11. COMMITMENT

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

2022	\$	59,768
2023		62,159
2024		60,688
		<u>182,615</u>
	\$	<u>182,615</u>

12. 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 deficiency of revenue over expenses previously reported.