
BRITISH COLUMBIA EPILEPSY SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To Members of the British Columbia Epilepsy Society

We have reviewed the accompanying financial statements of British Columbia Epilepsy Society which comprise the statement of financial position as at December 31, 2018 and the statements of changes in net assets, operations 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.

Practitioner's Responsibility for the Financial Statements

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, British Columbia Epilepsy Society derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of British Columbia Epilepsy Society. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 year ends. The conclusion on the financial statements as at and for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of British Columbia Epilepsy Society as at December 31, 2018, 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.

Other Matter

The financial statements for the year ended December 31, 2017 were audited by another accountant, who expressed a qualified opinion similar to the above on April 25, 2018.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
April 24, 2019

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 844,553	\$ 102,703
GST recoverable	7,735	2,500
Grants receivable	110,000	-
Prepaid expenses	2,429	3,362
	\$ 964,717	\$ 108,565
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 14,050	\$ 4,200
NET ASSETS		
Internally Restricted (Note 4)	2,524	2,524
Unrestricted	948,143	101,841
	950,667	104,365
	\$ 964,717	\$ 108,565

Approved on behalf of the Board

"Dan O'Brien" Dan O'Brien, Director

"Trevor Young" Trevor Young, Director

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Internally restricted	Unrestricted	2018	2017
Balance, December 31, 2017	\$ 2,524	\$ 101,841	\$ 104,365	\$ 102,435
Excess of revenue over expenses	-	846,302	846,302	2,530
Net change in internally imposed restrictions	-	-	-	(600)
Balance, December 31, 2018	\$ 2,524	\$ 948,143	\$ 950,667	\$ 104,365

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUES		
Grants		
Gaming	\$ 110,000	\$ 117,000
Partners in teaching	4,890	5,500
Other		
Donations	992,451	54,541
Endowment fund investment income (Note 5)	26,363	25,081
Interest and other income	120	104
Special events	10,783	16,379
Telemarketing campaign	62,175	56,649
United Way	660	4,000
	1,207,442	279,254
EXPENSES		
Communications	3,629	1,779
Interest and bank charges	2,326	228
Insurance	3,242	3,253
Office	37,195	15,447
Professional fees	5,864	8,638
Rent	36,450	36,900
Salaries and benefits	210,692	158,122
Scholarships	500	2,000
Special events	3,889	2,797
Telemarketing campaign	41,322	43,611
Travel	14,948	1,960
Website	1,083	1,989
	361,140	276,724
EXCESS OF REVENUES OVER EXPENSES	\$ 846,302	\$ 2,530

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Cash flows from operating activities		
Excess of revenues over expenses	\$ 846,302	\$ 2,530
Changes in non-cash working capital:		
GST recoverable	(5,235)	(1,475)
Grants receivable	(110,000)	-
Prepaid expenses	933	622
Accounts payable and accrued liabilities	9,850	-
	(104,452)	(853)
	741,850	1,677
Cash flows from investing activity		
Camp subsidies	-	(600)
Cash flows from financing activity		
Line of credit	-	(21,274)
Change in cash during the year	741,850	(20,197)
Cash, beginning of year	102,703	122,900
Cash, end of year	\$ 844,553	\$ 102,703

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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 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

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 is comprised of cash on hand.

(b) Financial instruments

i) Measurement

The Society's financial instruments consist of cash, grants receivable, and accounts payable. The Society initially measures 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 fair value of equity instruments are recognized in the statement of revenue and expenses.

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
YEAR ENDED DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(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 is recognized as revenue when earned.

(d) Donated goods and services

The Society benefits from donated services and facilities in the form of volunteer time. The Society also receives donated goods and services to be auctioned at fundraising events. Due to 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.

(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, revenues 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.

3. 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 plus 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, 2018 and 2017, the balance of this line of credit was \$Nil.

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

4. INTERNALLY RESTRICTED

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

	Camp subsidies	Total
At December 31, 2016	\$ 3,124	\$ 3,124
Net change in internally imposed restrictions	(600)	(600)
At December 31, 2017	2,524	2,524
Net change in internally imposed restrictions	-	-
At December 31, 2018	\$ 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, 2018, the Society spent \$Nil (2017 - \$600) 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, 2018, the Society received \$26,363 (2017 - \$25,081) 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:

2019	\$ <u>27,900</u>
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7. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(b). The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2018. There has been no change in risk exposure from the prior year.

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BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

7. FINANCIAL INSTRUMENTS RISKS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society's credit risk is primarily attributable to its liquid financial assets, including cash. Cash is maintained with federally and provincially regulated Canadian financial institutions. In the opinion of management, the credit risk exposure to the Society is low.

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 government, contributors and members. In the opinion of management, the liquidity risk exposure to the Society is low.

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 rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is not exposed to any significant currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities.

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 any significant other price risk.