
BRITISH COLUMBIA EPILEPSY SOCIETY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of British Columbia Epilepsy Society

We have reviewed the accompanying financial statements of British Columbia Epilepsy Society (the "Society") that comprise the statement of financial position as at December 31, 2019, 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

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 charitable organizations, the 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 revenue was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018 and net assets at both the beginning and end of December 31, 2019 and 2018 years. Our review conclusion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

(continues)

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 financial statements do not present fairly, in all material respects, the financial position of British Columbia Epilepsy Society as at December 31, 2019, 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.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, British Columbia
October 28, 2020

**BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

| | 2019 | 2018 |
|--|---------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 983,875 | \$ 844,553 |
| GST recoverable | 7,007 | 7,735 |
| Grant receivable | - | 110,000 |
| Prepaid expenses | 16,047 | 2,429 |
| | \$ 1,006,929 | \$ 964,717 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 9,867 | \$ 14,050 |
| NET ASSETS | | |
| INTERNALLY RESTRICTED (Note 5) | 2,524 | 2,524 |
| UNRESTRICTED | 994,538 | 948,143 |
| | 997,062 | 950,667 |
| | \$ 1,006,929 | \$ 964,717 |

COMMITMENT (Note 8)

COVID-19 RISK (Note 9)

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, 2019

| | Internally Restricted | Unrestricted | 2019 | 2018 |
|------------------------------------|--------------------------|--------------|-------------------|------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 2,524 | \$ 948,143 | \$ 950,667 | \$ 104,365 |
| EXCESS OF REVENUE OVER EXPENSES | - | 46,395 | 46,395 | 846,302 |
| NET ASSETS - END OF YEAR | \$ 2,524 | \$ 994,538 | \$ 997,062 | \$ 950,667 |

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|---|------------------|-------------------|
| REVENUE | | |
| Grants | | |
| Gaming | \$ - | \$ 110,000 |
| Other | 19,601 | 4,890 |
| Other | | |
| Donations | 453,141 | 992,451 |
| Endowment fund investment income (Note 6) | 27,467 | 26,363 |
| Interest and other income | 840 | 120 |
| Special events | - | 10,783 |
| Telemarketing campaign | 1,570 | 62,175 |
| United Way | 1,378 | 660 |
| | 503,997 | 1,207,442 |
| EXPENSES | | |
| Communications | 9,543 | 3,629 |
| Consulting fees | 38,274 | - |
| Insurance | 3,974 | 3,242 |
| Interest and bank charges | 382 | 2,326 |
| Office | 55,377 | 37,195 |
| Professional fees | 11,186 | 5,864 |
| Rent | 45,610 | 36,450 |
| Salaries and benefits | 238,211 | 210,692 |
| Scholarships | - | 500 |
| Special events | 21,226 | 3,889 |
| Telemarketing campaign | 403 | 41,322 |
| Travel | 31,975 | 14,948 |
| Website | 1,441 | 1,083 |
| | 457,602 | 361,140 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 46,395 | \$ 846,302 |

BRITISH COLUMBIA EPILEPSY SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | 2019 | 2018 |
|--|-------------------|-------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 46,395 | \$ 846,302 |
| Changes in non-cash working capital: | | |
| GST recoverable | 728 | (5,235) |
| Grant receivable | 110,000 | (110,000) |
| Prepaid expenses | (13,618) | 933 |
| Accounts payable and accrued liabilities | (4,183) | 9,850 |
| | 92,927 | (104,452) |
| INCREASE IN CASH DURING THE YEAR | 139,322 | 741,850 |
| CASH - BEGINNING OF YEAR | 844,553 | 102,703 |
| CASH - END OF YEAR | \$ 983,875 | \$ 844,553 |

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 (Canada). The Society transitioned to the Societies Act of British Columbia in fiscal 2017.

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, grant 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 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 income 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.

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 ASNPO 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.

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 or other price risks, or any material concentrations of risk, except as described below. In addition, there has been no significant change in risk exposures from the prior year, except as described below.

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 grant receivable.

Although the COVID-19 health pandemic has had a significant impact on many organizations as explained in Note 9, 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 its operations 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.

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL INSTRUMENTS RISKS (*continued*)

There is increased liquidity risk as a result of the COVID-19 health pandemic as explained in Note 9, 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 these risks.

4. 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, 2019 and 2018, the balance of this line of credit was \$Nil.

5. INTERNALLY RESTRICTED

By motions of the Board, funds have been internally restricted for funding required for camp subsidies to send kids with epilepsy to the Zajac Ranch. During the year ended December 31, 2019, the Society spent \$Nil (2018 - \$Nil) on camp subsidies.

6. 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, 2019, the Society received \$27,467 (2018 - \$26,363) in investment income from the endowment fund.

7. SALARIES AND BENEFITS

Included in salaries and benefits in the statement of operations for the year ended December 31, 2019 is wages and employee benefits for one employee that earned over \$75,000, for a total of \$104,302 (2018 - one employee that earned over \$75,000, for a total of \$100,757).

BRITISH COLUMBIA EPILEPSY SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

8. COMMITMENT

In October 2019, the Society entered into a five-year lease agreement for office space in Burnaby. The anticipated minimum rent payable pursuant to this lease agreement is as follows:

| | | |
|------|----|----------------|
| 2020 | \$ | 53,332 |
| 2021 | | 57,561 |
| 2022 | | 59,768 |
| 2023 | | 62,159 |
| 2024 | | 60,688 |
| | | <u>293,508</u> |
| | \$ | <u>293,508</u> |

9. COVID-19 RISK

In March 2020, a global health pandemic was declared due to the COVID-19 virus, which has had a significant impact on businesses and not-for-profit organizations through the restrictions put in place by the Canadian and U.S. governments 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. These uncertainties arise from the inability to predict the ultimate geographical spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, U.S. and other countries to fight the virus. The Society continues to monitor its operations and assess the impact COVID-19 will have on its operating activities. At this time, the extent of the effect of the COVID-19 pandemic on the Society is uncertain.