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The British Columbia Lions Society  
For Children with Disabilities  
Consolidated Financial Statements  
September 30, 2021

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## Independent Auditor's Report

To the Members of The British Columbia Lions Society For Children with Disabilities

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

We have audited the consolidated financial statements of The British Columbia Lions Society For Children with Disabilities (the "Society"), which comprise the consolidated statement of financial position as at September 30, 2021, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Society as at September 30, 2021, and its results of 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 not-for-profit organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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 revenues over expenses, and cash flows from operations for the years ended September 30, 2021 and 2020, current assets as at September 30, 2021 and 2020, and net assets as at October 1 and September 30 for both the 2021 and 2020 years. Our audit opinion on the consolidated financial statements for the year ended September 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

#### Emphasis of Matter

We draw attention to Note 10 of the consolidated financial statements, which explains that the consolidated financial statements for the year ended September 30, 2020 have been restated from those on which we originally reported on December 14, 2020. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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.

**Report on Other Legal and Regulatory Requirements**

As required by the *Societies Act* (British Columbia), we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
November 27, 2021

**Chartered Professional Accountants**

# The British Columbia Lions Society For Children with Disabilities

Consolidated Statement of Financial Position  
September 30, 2021

	2021 \$	2020 \$
		(Note 10)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	17,978	243,270
Accounts receivable (Note 18)	131,539	256,844
Prepaid expenses	<u>46,280</u>	<u>21,619</u>
	195,797	521,733
Investments (Note 3)	1,428,393	1,419,090
Capital assets (Note 4)	<u>2,412,963</u>	<u>2,117,218</u>
	4,037,153	4,058,041
<b>Liabilities</b>		
Current liabilities		
Bank indebtedness	4,000	-
Accounts payable and accrued liabilities (Note 6)	267,876	273,109
Current portion of long-term debt (Note 7)	150,000	150,000
Current portion of capital lease obligations (Note 8)	4,665	4,665
Deferred revenue (Note 9)	<u>70,664</u>	<u>13,904</u>
	497,205	441,678
Long-term debt (Note 7)	1,712,500	1,862,500
Long-term CEBA loan (Note 19)	40,000	40,000
Capital lease obligations (Note 8)	14,586	19,251
Deferred capital contributions (Note 10)	<u>857,872</u>	<u>804,987</u>
	<u>3,122,163</u>	<u>3,168,416</u>
Pledge commitment (Note 16)		
<b>Net assets</b>		
Restricted for endowments (Note 11)	434,439	429,717
Unrestricted net assets	<u>480,551</u>	<u>459,908</u>
	<u>914,990</u>	<u>889,625</u>
	4,037,153	4,058,041

*The accompanying notes are an integral part of these consolidated financial statements.*

Approved on behalf of the Board

  
Wendy Leong, Treasurer

  
Kirk Duff, Chairman of the Board

# The British Columbia Lions Society

## For Children with Disabilities

Consolidated Statement of Operations  
Year ended September 30, 2021

	2021	2020
	\$	\$
		(Note 2)
Revenues		
Programs		
Camp program and rentals	181,465	97,082
Easter Seal House	<u>981,637</u>	<u>962,347</u>
	1,163,102	1,054,429
Donations from general public (Notes 12 and 13)	1,202,148	1,047,770
Government grant and assistance (Note 18)	230,426	403,520
Special events (Note 12)	263,703	244,244
Lions and other service clubs gaming donations	95,336	154,233
Direct access funds from BC Gaming Commission	250,000	220,000
Amortization of deferred capital contributions (Note 10)	218,347	146,703
Investment income (Note 3)	<u>72,833</u>	<u>117,673</u>
	<u>3,495,895</u>	<u>3,393,572</u>
Expenses		
Programs		
Camps (Note 14)	1,004,484	755,559
Easter Seal House (Note 14)	803,708	738,909
Marketing and program development	<u>184,236</u>	<u>127,572</u>
	1,992,428	1,622,040
Campaigns (Note 12)	486,256	496,550
Special events (Note 12)	221,477	216,724
Administration (Note 14)	503,853	417,009
Amortization of capital assets	220,714	224,853
Interest	<u>50,524</u>	<u>97,915</u>
	<u>3,475,252</u>	<u>3,075,091</u>
Excess of revenue over expenses before undernoted	20,643	318,481
Gain on receipt of excess funds	-	10,970
Loss on disposal of capital asset	<u>-</u>	<u>(3,735)</u>
Excess of revenue over expenses	20,643	325,716

*The accompanying notes are an integral part of these consolidated financial statements.*

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# The British Columbia Lions Society For Children with Disabilities

Consolidated Statement of Changes in Net Assets  
Year ended September 30, 2021

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	Restricted for endowments \$	Unrestricted \$	2021 Total \$	2020 Total \$
				(Note 10)
Net assets, beginning of year	429,717	459,908	889,625	561,181
Excess of revenue over expenses	-	20,643	20,643	325,716
Endowment contributions	<u>4,722</u>	<u>-</u>	<u>4,722</u>	<u>2,728</u>
Net assets, end of year	<u>434,439</u>	<u>480,551</u>	<u>914,990</u>	<u>889,625</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# The British Columbia Lions Society

## For Children with Disabilities

Consolidated Statement of Cash Flows  
Year ended September 30, 2021

	2021	2020
	\$	\$
Cash flows from operating activities		
Excess of revenue over expenses	20,643	325,716
Items not involving cash		
Amortization of capital assets	220,714	224,853
Amortization of deferred capital contributions	(218,347)	(146,703)
Gain on excess funds	-	(10,970)
Loss on disposal of capital asset	-	3,735
Unrealized gain on investments	160,258	(63,677)
Changes in non-cash working capital		
Accounts receivable	125,305	33,131
Prepaid expenses	(24,661)	(6,252)
Accounts payable and accrued liabilities	(5,234)	69,563
Deferred revenue	56,760	645
	<u>335,438</u>	<u>430,041</u>
Cash flows from (used in) investing activities		
Investments purchased	(1,809,577)	(1,407,639)
Proceeds on sale of investments	1,640,017	1,537,583
Capital assets acquired	<u>(516,459)</u>	<u>(271,077)</u>
	<u>(686,019)</u>	<u>(141,133)</u>
Cash flows from financing activities		
Repayment of long-term debt	(150,000)	(112,500)
Proceeds from CEBA loan	-	40,000
Repayment of capital lease obligations	(4,665)	(5,763)
Receipt of capital contributions	271,232	369,380
Endowment contributions received	4,722	2,728
	<u>121,289</u>	<u>293,845</u>
Increase (decrease) in cash and cash equivalents during the year	(229,292)	582,753
Cash and cash equivalents (bank indebtedness), beginning of year	<u>243,270</u>	<u>(339,483)</u>
Cash and cash equivalents (bank indebtedness), end of year	13,978	243,270
Cash and cash equivalents	17,978	243,270
Bank indebtedness	(4,000)	-

*The accompanying notes are an integral part of these consolidated financial statements.*



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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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### 1. Operations

The British Columbia Lions Society for Children with Disabilities (the "Society") is a not-for-profit organization incorporated under the *Societies Act* (British Columbia).

The Society, together with its Affiliated Societies, provide services to persons with disabilities from the Provinces of British Columbia and Yukon. These services are funded by donations from the general public and others to the Society and its affiliates, Easter Seal House Society, 24-Hour Relay for the Kids Society, The British Columbia Lions Foundation for Children with Disabilities and the British Columbia Easter Seal Society (collectively, the "Affiliated Societies"). The Society controls the Affiliated Societies by virtue of a common Board of Directors. The Society and the Affiliated Societies are charitable organizations registered under the *Income Tax Act* and, as such, they are exempt from income and capital taxes and are able to issue donation receipts for income tax purposes.

These consolidated financial statements have been prepared in accordance with accounting principles under Part III of the CPA Canada Handbook applicable to a going concern which, assumes that the Society will continue operations for the foreseeable future and will realize its assets and discharge its liabilities in the normal course of operations. In the current year, the Society generated a surplus of revenue over expenses of \$ 20,643, contributing to unrestricted net assets of \$ 480,551 and had working capital deficiency of \$ 354,051.

On March 11, 2020, the World Health Organization declared CoVID-19 a pandemic. Federal, regional and local authorities in Canada, the United States, and other nations continue to restrict the ability of people to leave their homes and carry out normal day-to-day activities. These measures will have a significant, negative effect on the economy of all nations for an uncertain period of time. The effect on the Society's operations and financial position are also uncertain.

### 2. Significant accounting policies

#### Basis of presentation

These consolidated financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations and include the accounts of the Affiliated Societies. All significant balances and transactions among the Society and the Affiliated Societies have been eliminated on consolidation. These consolidated financial statements are prepared in accordance with the following significant accounting policies:

#### Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with terms to maturity of three months or less at the date of acquisition.

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions and investment income are recognized as revenue in the year in which the related expenses are incurred or the restrictions have been met. Endowment contributions are recognized as direct increases in net assets restricted for endowments.

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.

Unrestricted investment income is recognized as revenue when earned.

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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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### 2. Significant accounting policies - continued

All transactions are recorded at the exchange amount, except those involving donated services and materials. Donated services and materials normally acquired for the operations of the Society are recorded at their fair value, when readily determinable, as of the date the services are provided or the materials are received. Donated services in the form of volunteer time are not recognized in these consolidated financial statements due to the difficulty in determining a fair value.

Pledges receivable are recorded as revenue when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured.

#### Capital assets

Capital assets are initially recorded at cost or, when contributed, at fair value. Amortization is provided annually on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	- 10 - 20 years
Furniture and equipment	- 2 - 20 years
Transportation vehicles	- 5 - 8 years

#### Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to rental expense. At the inception of a capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

#### Impairment of long-lived assets

The Society reviews, for impairment, the carrying value of capital assets to be held and used whenever events or changes in circumstances indicate that a cost incurred on an asset does not provide future service potential to the Society. If such conditions exist, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

#### Deferred capital contributions

Deferred capital contributions represent the unamortized portion of contributions externally restricted for capital assets. These contributions are recognized into income over the same period as the capital assets purchased with the contributions.

#### Allocation of expenses

Expenses have been allocated to individual programs, campaigns, lotteries, public relations and Affiliated Societies based on the specific identification of such costs.

Management allocates administrative resource costs between the general administration expense and events and programs based on the percentage of time that administrative staff spends on those events and programs. Management re-evaluates the allocation percentages on an annual basis.

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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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### 2. Significant accounting policies - continued

#### Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring estimates include the determination of useful lives for amortization and, where applicable, impairment of capital assets, the estimated realizable value of accounts receivable and amounts recorded as contingent liabilities. Actual results could differ from these estimates.

#### Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Financial assets recorded at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

#### Comparative figures

Certain 2020 figures have been reclassified to conform to the presentation used in the current year.

3. Investments	2021	2020
	\$	\$
Money market funds, measured at fair value	-	96,833
Fixed income investments, measured at amortized cost	593,890	753,387
Equity investments, measured at fair value	<u>834,503</u>	<u>568,870</u>
	<u>1,428,393</u>	<u>1,419,090</u>

Investment income earned during the year is comprised of the following:

	2021	2020
	\$	\$
Interest and dividends	31,400	36,050
Realized gain	201,691	17,946
Unrealized gain/(loss)	<u>(160,258)</u>	<u>63,677</u>
	<u>72,833</u>	<u>117,673</u>

# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

4. Capital assets	2021		2020	
	Cost	Accumulated depreciation	Net book value	Net book value
Land	822,819	-	822,819	822,819
Buildings	8,131,990	7,217,440	914,550	910,122
Furniture and equipment	3,599,453	3,530,094	69,359	39,432
Transportation vehicles	836	836	-	-
Assets under capital lease	24,450	8,595	15,855	20,301
Development in progress	<u>590,380</u>	<u>-</u>	<u>590,380</u>	<u>324,544</u>
	13,169,928	10,756,965	2,412,963	2,117,218

Development in progress is not amortized until the property is placed into service, at which time the property will be transferred to its appropriate asset category and amortization will commence.

As of September 30, 2021, the Society has incurred \$ 590,380 (2020 - \$ 324,544) of professional, development and construction costs related to the Shawnigan Lake redevelopment project, which has been recorded as development in progress.

### 5. Line of credit

The available operating line at September 30, 2021 consists of a bank operating line of credit of \$ 1,000,000. As at September 30, 2021, \$ 4,000, (2020 - \$ Nil) was drawn from the operating line of credit. The operating line bears interest at the bank's prime lending rate plus 0.5%. The same security is pledged for both the operating line and non-revolving loan (Note 7).

### 6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities as at September 30, 2021 are government remittances payable of \$ 5,077 (2020 - \$ 5,368) relating to payroll taxes, and workers' safety insurance premiums.

7. Long-term debt	2021	2020
	\$	\$
Non-revolving loan, due November 15, 2025, payable to Bank of Nova Scotia in 60 equal monthly instalments of principal of \$ 12,500 plus interest at a fixed rate of 2.19%.	1,862,500	2,012,500
Current portion of long-term debt	<u>150,000</u>	<u>150,000</u>
	1,712,500	1,862,500

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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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### 7. Long-term debt - continued

Easter Seal House Society is liable for the Bank of Nova Scotia loan. The loan is secured by a first fixed charge over the Vancouver Easter Seal House land and building and rents therefrom.

In addition to the requirement for monthly instalments of principal and interest, a minimum of one half of the net proceeds of the sale of any unencumbered real estate of the Society is to be applied against the non-revolving loan as a permanent reduction of principal relating to the Bank of Nova Scotia loan.

The aggregate repayment of long-term debt subsequent to September 30, 2021 is as follows:

	\$
2022	150,000
2023	150,000
2024	150,000
2025	150,000
2026	<u>1,262,500</u>
	1,862,500

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### 8. Obligations under capital lease

The Society has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

	\$
Year ending September 30, 2022	4,665
Year ending September 30, 2023	4,665
Year ending September 30, 2024	4,665
Year ending September 30, 2025	<u>5,256</u>
Total minimum lease payments	19,251
Current portion of obligations under capital lease	4,665

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The total amount of equipment under capital lease is \$ 24,450 with related accumulated amortization of \$ 8,595.

9. Deferred revenue	2021	2020
	\$	\$
Balance, beginning of year	13,904	13,259
Amounts received during the year	59,204	4,529
Amounts recognized to revenue during the year	<u>(2,444)</u>	<u>(3,884)</u>
Balance, end of year	70,664	13,904

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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

10. Deferred capital contributions	2021	2020
	\$	\$
Balance, beginning of year	804,987	582,310
Amounts received during the year	271,232	369,380
Amounts recognized to revenue during the year	<u>(218,347)</u>	<u>(146,703)</u>
Balance, end of year	857,872	804,987

The balance includes an aggregate unspent amount of \$66,317 (2020 - \$ 216,780) contributed for the purpose of future capital asset purchases.

### *Restatement of financial statements*

During the preparation of the fiscal 2021 consolidated financial statements, management found historical differences in the amortization of the deferred capital contributions compared to the related capital assets. The deferred capital contributions were under depreciated in prior years by \$ 101,934. The impact of the related restatement is as follows:

#### (i) Effect on the consolidated statement of financial position

	\$	\$	\$
	As at September 30, 2020 <u>as presented</u>	<u>Restatement</u>	As at September 30, 2020 <u>as restated</u>
Deferred capital contributions	906,921	(101,934)	804,987
Total liabilities	3,270,350	(101,934)	3,168,416
Unrestricted net assets	357,974	101,934	459,908

#### (ii) Effect on the consolidated statement of changes in net assets

	\$	\$	\$
	As at September 30, 2020 <u>as presented</u>	<u>Restatement</u>	As at September 30, 2020 <u>as restated</u>
Net Assets, beginning	459,247	101,934	561,181
Net Assets, ending	787,691	101,934	889,625

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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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### 11. Restrictions on net assets for endowments

All of the net assets restricted for endowment purposes are subject to externally imposed restrictions stipulating that the principal be maintained in perpetuity. All investment income earned on the assets restricted for endowment purposes is unrestricted, with the exception of the Noble Bruce William Walt Endowment which requires the annual reinvestment of 8% of income earned. Endowment investments consist of investments in the amount of \$ 434,439 (2020 - \$ 417,237) and restricted cash of \$ 14,996 (2020 - \$ 12,480).

### 12. Donations in-kind

During the year, the Society received various donated services and materials valued at \$ 5,450 (2020 - \$ 54,667) that have been included in revenue of donations from the general public and special events, the expenses of campaigns and public relations and special events in the consolidated financial statements.

These donated services and materials have been recorded at their estimated fair value based on management's ability to discern the value they represent in the market.

### 13. Revenue from bequests

During the year, the Society received bequests in the amount of \$ 120,488 (2020 - \$ 31,788). This amount is included in donations from the general public.

### 14. General support expenses

Human resources and Society operating expenses of \$ 925,570 (2020 - \$ 846,021) have been allocated per Note 2 as follows:

	Allocated percentage %	2021 \$	2020 \$
Administration	55	503,853	443,334
Easter Seal House	24	225,920	211,165
Camps	<u>21</u>	<u>195,797</u>	<u>191,522</u>
	100	925,570	846,021

### 15. Remuneration of directors, employees and contractors

During the year, the Society paid total remuneration of \$ 342,455 (2020 - \$ 331,272) to three employees, each of whom received total annual remuneration of \$ 75,000 or greater.

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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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### 16. Pledge commitment

The Society previously committed to payments towards an amount up to \$ 1,000,000 for a childhood health research project. In prior years the Society has paid, or otherwise been credited through joint fundraising events with a total of \$ 360,667 towards the pledge amount. During 2019, a settlement agreement was entered into requiring \$ 75,000 payable on or before December 31, 2019 (paid), \$ 75,000 payable on or before December 31, 2020 (paid) and \$ 75,000 payable on or before December 31, 2021. In the event that the Society sells the Easter Seals House property on or before December 31, 2024, the Society has agreed to pay an additional payment of \$ 250,000 within six months of completion of the sale of the Easter Seals House Property.

### 17. Financial risks

Financial instruments consist of cash and cash equivalents, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities and long-term debt.

#### Liquidity risk

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts and has a line of credit to ensure that it has sufficient funds to fulfill its obligations.

#### 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. The Society has investments in money market funds and equity investments which are subject to risks arising from changes in market conditions.

#### Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency. The Society has investments in international bonds and equity funds which are indirectly subject to risks arising from changes in foreign currency rates related to the underlying securities.

#### Interest rate risk

The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Society to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Society is exposed to cash flow risk as a result of investments in bonds, money market funds and its line of credit. The risk associated with investments is managed through the Society established Investment Policy. The fixed rate long-term debt exposes the Society to a fair value risk, since fair value fluctuates inversely to changes in the market interest rates.

#### Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Society is exposed to credit risk with respect to the accounts receivable and its investments in term deposits and GICs. The Society assesses, on a continuous basis, accounts receivable and provides an allowance for any amounts that are not collectable.



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# The British Columbia Lions Society

## For Children with Disabilities

Notes to the Consolidated Financial Statements  
Year ended September 30, 2021

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18. Government assistance

The Society has made claims to receive subsidies under the Canada Emergency Wage Subsidy ("CEWS") for the subsidization of employee wages due to CoVID-19. The CEWS relates to current period expenditures. The measurement of CEWS receivable is subject to uncertainty as the CEWS legislation required some interpretations by management and CEWS claims are subject to review and possible adjustment by the relevant authorities. During the year ended September 30, 2021, the Society received CEWS of \$ 209,939 (2020 - \$ 403,520). At September 30, 2021, \$ 26,104 (2020 - \$ 110,263) of government grants are included in accounts receivable.

19. Long-term CEBA loan

During 2020, the Society received a \$ 40,000 loan under the Canada Emergency Business Account ("CEBA") program created by the Government of Canada in response to the CoVID-19 pandemic. The loan is guaranteed by Export Development Canada, is non-interest bearing, and is repayable by December 31, 2022. If the Society repays \$ 30,000 of the loan before December 31, 2022, the remaining balance of \$ 10,000 will be forgiven. If the loan is not repaid in full by December 31, 2022, the remaining balance will be converted to a 3-year loan at 5% annual interest, paid monthly, effective January 1, 2023, with payment in full due on December 31, 2025.