

DRAFT Financial Statements of

**BRITISH COLUMBIA MOBILITY
OPPORTUNITIES SOCIETY**

And Independent Practitioners' Review Engagement
Report thereon

Year ended December 31, 2021

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of British Columbia Mobility Opportunities Society

We have reviewed the accompanying financial statements of British Columbia Mobility Opportunities Society, which comprise the statement of financial position as at December 31, 2021, the statement of operations, statement of changes in deficiency in net assets and statement of cash flows for the year then ended, and notes, comprising 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.

Practitioners' 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 not-for-profit organizations, British Columbia Mobility Opportunities 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 Mobility Opportunities Society. Therefore, we were not able to determine, whether, as at and for the years ended December 31, 2021 and December 31, 2020 any adjustments might be necessary to donations revenue and deficiency of revenue over expenses reported in the statement of operations, deficiency of revenue over expenses reported in the statement of changes in deficiency in net assets and statement of cash flows, and current assets, deferred contributions and unrestricted deficiency in net assets reported in the statement of financial position. This caused us to qualify our review conclusion on the financial statements as at and for the year ended December 31, 2020.

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 Mobility Opportunities Society as at December 31, 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.

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Chartered Professional Accountants

Vancouver, Canada

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Statement of Financial Position

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December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 33,436	\$ 87,683
Restricted cash (community gaming) (note 3)	3,790	3,708
Accounts receivable	241	2,661
Prepaid expenses	1,646	2,440
Due from related party (note 8)	40,000	-
	<u>79,113</u>	<u>96,492</u>
Capital assets (note 4)	56,214	73,571
	<u>\$ 135,327</u>	<u>\$ 170,063</u>

Liabilities and Deficiency in Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 45	\$ -
Deferred contributions (note 5)	28,024	54,068
Due to related party (note 8)	31,200	41,600
	<u>59,269</u>	<u>95,668</u>
Deferred capital contributions (note 6)	37,835	49,563
Canada Emergency Business Account loan (note 9)	37,470	35,115
	<u>134,574</u>	<u>180,346</u>
Net assets:		
Invested in capital assets (note 7)	18,379	24,008
Unrestricted	(17,626)	(34,291)
	<u>753</u>	<u>(10,283)</u>
Economic dependence (note 10)		
	<u>\$ 135,327</u>	<u>\$ 170,063</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Statement of Operations

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Donations (note 8)	\$ 98,872	\$ 47,993
Community gaming grant (note 5)	80,318	71,292
Other income (note 8)	17,058	13,279
Government grants	73,277	26,294
Amortization of deferred capital contributions (note 6)	16,728	20,074
Other government funding (note 12)	41,072	43,765
	<u>327,325</u>	<u>222,697</u>
Expenses (note 8):		
Advertising	682	5,156
Amortization	17,640	15,837
Bank charges	3,721	2,286
Contractors and coordinators	23,907	7,341
Insurance	8,074	7,147
Office	19,641	5,351
Professional fees	10,855	10,346
Program expenses	855	1,458
Rent	14,811	14,394
Repairs and maintenance	2,897	129
Salaries and benefits	207,752	147,673
Technology	682	2,141
Telephone	2,813	2,285
Travel	111	1,095
	<u>314,441</u>	<u>222,639</u>
Excess of revenue over expenses before undernoted	12,884	58
Loss (gain) on disposal of capital assets	1,848	(209)
Excess of revenue over expenses	<u>\$ 11,036</u>	<u>\$ 267</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Statement of Changes in Deficiency in Net Assets

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Year ended December 31, 2021, with comparative information for 2020

	Invested in capital assets	Unrestricted	Total 2021	Total 2020
Balance, beginning of year	\$ 24,008	\$ (34,291)	\$ (10,283)	\$ (10,550)
Excess (deficiency) of revenue over expenses	(2,760)	13,796	11,036	267
Net change in invested in capital assets	(2,869)	2,869	-	-
Balance, end of year	\$ 18,379	\$ (17,626)	\$ 753	\$ (10,283)

See accompanying notes to financial statements.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Statement of Cash Flows

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Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 11,036	\$ 267
Items not involving cash:		
Amortization	17,640	15,837
Amortization of deferred capital contributions	(16,728)	(20,074)
Interest on Canada Emergency Business Account Loan	2,355	1,235
Deferred assistance recognized on Canada Emergency Business Account Loan	(2,355)	(1,235)
Gain (loss) on disposal of capital assets	1,848	(209)
	<u>13,796</u>	<u>(4,179)</u>
Changes in non-cash operating working capital:		
Restricted cash (community gaming)	(82)	17,744
Accounts receivable	2,420	(2,557)
Prepaid expenses	794	(487)
Accounts payable and accrued liabilities	45	-
Deferred contributions	(23,689)	18,425
Due from/to related party	(50,400)	19,400
	<u>(57,116)</u>	<u>48,346</u>
Financing:		
Receipt of capital contributions	5,000	46,515
Proceeds from Canada Emergency Business Account Loan	-	40,000
Proceeds on disposal of capital assets	3,000	6,031
	<u>8,000</u>	<u>92,546</u>
Investing:		
Purchase of capital assets	(5,131)	(60,927)
Increase (decrease) in cash	(54,247)	79,965
Cash, beginning of year	87,683	7,718
Cash, end of year	<u>\$ 33,436</u>	<u>\$ 87,683</u>
Non-cash transactions:		
Capital assets financed with capital contributions	\$ 5,000	\$ 46,515

See accompanying notes to financial statements.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements

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Year ended December 31, 2021

1. Nature of operations:

British Columbia Mobility Opportunities Society (the "Society") was incorporated on December 17, 1985, and is registered under the Societies Act (British Columbia). The Society is a charitable organization under the Income Tax Act and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The purpose of the Society is to provide opportunities for people with physical disabilities to access outdoor recreation. The Society is related to affiliated charitable entities through common management and receives contributions from these entities in the normal course of operations (note 8).

Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market impact globally, domestically, and locally on jurisdictions and market sections in which the Society operates.

As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate on the financial effect on the Society is not practicable at this time. The situation presents uncertainty over future cash flows, may cause significant changes to the assets and liabilities, and may have an impact on future operations. The Society continues to closely monitor the impact of its financial implications and will be adjusting its operations as required to enhance continuity of operations.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - *Accounting* and include the significant accounting policies described hereafter:

(a) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Contributions include donations, community gaming grant, and government grants. Restricted non-capital contributions are initially deferred and then recognized as revenue in the period in which the related expenses are incurred.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Contributions restricted for the purchase of capital assets are initially recorded as deferred contributions and transferred to and recorded as deferred capital contributions when the amounts have been spent on capital assets. Deferred capital contributions, including contributed capital assets, are amortized to revenue on the same basis as the related capital assets are amortized.

Government assistance in the form of a forgivable loan is accounted for in the same manner as a grant.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received is reasonably assured.

Revenue from management fees charged to an affiliated social enterprise (note 8), are recognized when services are performed and collection is reasonably assured.

(b) Capital assets:

Capital assets are initially recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When an asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its fair value. The Society reviews the carrying amount of capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Society's ability to provide services, or that the value of future economic benefits or service potential associated with the asset is less than its carrying amount. If such conditions exist, an impairment loss is measured and recorded in the statement of operations at the amount by which the carrying amount of the net asset exceeds its fair value or replacement cost.

Capital assets are amortized using declining balance and the following annual rates:

Asset	Rate
Recreational and accessibility equipment	20%
Furniture and fixtures	30%
Computer equipment	30%
Vehicles	30%

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

2. Significant accounting policies (continued):

(c) Contributed materials and services:

The Society recognizes contributions of goods, services or gifts in kind when a fair value can be reasonably estimated and the goods or services are used in the normal course of the Society's operations and would otherwise have been purchased.

The fair value of volunteer hours and services is not recognized as they cannot be reasonably estimated.

(d) Use of estimates:

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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates

(e) Allocation of expenses:

The Society shares office space and certain administrative resources with other affiliated charitable entities.

Common shared costs, such as fundraising expenses, administration, program expenses office, rent and telephone expenses are incurred and then allocated and charged to the respective affiliated charitable entities, including the Society, based on an allocation of estimated full-time equivalent employee workload attributable to each affiliated charitable entity.

Certain salaries and benefits are allocated and charged as a management fee to the respective affiliated charitable entities, including the Society based on an allocation of estimated full-time equivalent employee workload attributable to each charitably entity.

Such allocations are reviewed regularly by management.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

2. Significant accounting policies (continued):

(f) 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 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.

3. Restricted cash (community gaming):

Restricted cash (community gaming) relates to cash held in a separate bank account for unexpended gaming receipts which are restricted in their use by license applications.

4. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Recreational and accessibility equipment	\$ 171,244	\$ 134,477	\$ 36,767	\$ 45,781
Furniture and fixtures	15,578	15,145	433	619
Computer equipment	803	469	335	479
Vehicles	181,164	162,485	18,679	26,693
	\$ 368,789	\$ 312,576	\$ 56,214	\$ 73,571

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

5. Deferred contributions:

Deferred contributions are comprised primarily of community gaming funds and funds received for restricted purposes, including unspent capital contributions.

	Gaming (note 3)	Government grant	Other	Total 2021	Total 2020
Balance, beginning of year \$	3,708 \$	- \$	50,360 \$	54,068 \$	30,758
Amounts received during the year	80,400	39,791	6,135	126,326	207,714
Amounts recognized as revenue in the year	(80,318)	(27,858)	(39,194)	(147,370)	(137,889)
Amounts transferred to deferred capital contributions in the year (note 6)	-	-	(5,000)	(5,000)	(46,515)
	\$ 3,790	\$ 11,933	\$ 12,301	\$ 28,024	\$ 54,068

6. Deferred capital contributions:

The Society receives grants and contributions towards certain recreational and accessibility equipment. Changes in deferred capital contributions are as follows:

	2021	2020
Balance, beginning of year	\$ 49,563	\$ 23,122
Restricted capital contributions spent during the year (note 5)	5,000	46,515
Amounts recognized as revenue during the year	(16,728)	(20,074)
Balance, end of year	\$ 37,835	\$ 49,563

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

7. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 56,214	\$ 73,571
Amounts financed by:		
Deferred capital contributions (note 6)	(37,966)	(49,563)
	\$ 18,248	\$ 24,008

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	\$ 16,728	\$ 20,074
Amortization of capital assets	(17,640)	(15,837)
Gain (loss) on disposal of capital assets	(1,848)	209
	(2,760)	4,446
Net change in invested in capital assets:		
Purchase of capital assets, net	5,131	60,927
Capital assets financed by capital contributions	(5,000)	(46,515)
Disposal of capital assets	(3,000)	(6,031)
	(2,869)	8,381
	\$ (5,629)	\$ 12,827

8. Related party transactions:

During the year ended December 31, 2021, the Society received funding of \$61,068 (2020 - \$29,304) from Sam Sullivan Disability Foundation ("SSDF"), an affiliated charitable entity, which is recorded in donations revenue. In addition, the Society paid management fees of \$64,440 (2020 - \$58,596), which is recorded in salaries and benefits expense, and shared expenses of \$38,976 (2020 - \$40,183), which is recorded in their respective expense accounts, to SSDF.

Included in other income is a management fee of \$15,000 (2020 - \$12,000) paid to the Society from Kawak Access Equipment Inc., an affiliated social enterprise.

The amounts due from and to related party are with SSDF and are non-interest bearing and payable on demand.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

9. Canada Emergency Business Account loan:

During the year ended December 31, 2020, the Association received a Canada Emergency Business Account (“CEBA”) loan of \$60,000 from Bank of Montreal.

Up to \$20,000 of the CEBA loan will be forgiven provided the outstanding balance is paid on or before December 31, 2023. As the Society intends to repay the loan before December 31, 2023 the \$20,000 that will be forgiven is deemed to be government assistance and has been recognized in other government funding in the statement of operations.

The remaining \$40,000 of the CEBA loan carries 0% interest and no minimum monthly principal payments are required. This portion of the CEBA loan is initially measured at fair value, discounted at a market rate of interest, of \$33,880 and subsequently measured at amortized cost. The benefit of the CEBA loan at below-market interest rate is accounted for as deferred government assistance and initially measured at \$6,120, and subsequently recognized with the related interest expense.

During the year ended December 31, 2021, interest expense on the CEBA loan was \$2,355 (2020 - \$1,235), with corresponding recognition of other government funding of \$2,355 (2020 - \$1,235). As at December 31, 2021, the carrying value of the CEBA loan is \$37,470 (2020 - \$35,115) and the remaining deferred government assistance benefit is \$2,530 (2020 - \$4,855) is included in other deferred contributions.

10. Economic dependence:

The Society is economically dependent on funding arrangements with the SSDF and the annual community gaming grant. The Society relies on the SSDF for additional funding when there are funding shortfalls or cash flow issues.

11. Financial instruments and financial risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligation on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating and cash flow requirements. There has been no change to the risk exposures from prior year.

In management’s opinion, the Society is not exposed to significant interest rate, credit or currency market or other price risks related to its financial instruments.

BRITISH COLUMBIA MOBILITY OPPORTUNITIES SOCIETY

Notes to Financial Statements (continued)

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Year ended December 31, 2021

12. Other government funding:

	2021	2020
Canada Emergency Wage Subsidy (a)	\$ 38,717	\$ 22,530
Canada Emergency Business Account (note 9)	2,355	21,235
	\$ 41,072	\$ 43,765

- (a) Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist organizations who experienced a drop in revenue based on certain eligibility criteria. During the year ended December 31, 2021, government assistance for CEWS totaled \$38,717 (2020 - \$22,530) was recognized as other government funding in the statement of operations.

13. Remuneration:

For the fiscal years ending December 31, 2021 and 2020, the Society did not have any employees or contractors with annual remuneration in excess of \$75,000, and no member of the Board of Directors received remuneration.

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.