

---

**PAIN BC SOCIETY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

## INDEPENDENT AUDITORS' REPORT

---

To the Board of Directors of Pain BC Society

### *Report on the Financial Statements*

#### *Opinion*

We have audited the financial statements of Pain BC Society (the "Society"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

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 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.

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.

#### *Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, 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  
April 24, 2024


**PAIN BC SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	Note	2023	2022
		\$	\$
<b>Assets</b>			
<b>Current</b>			
Cash		361,519	215,991
Accounts receivable		175,121	280,728
Prepaid expenses		16,119	12,764
Restricted cash and cash equivalents	3	585,070	602,881
		<b>1,137,829</b>	1,112,364
Restricted cash and cash equivalents	3	104,712	135,101
Equipment	4	12,006	4,382
		<b>1,254,547</b>	1,251,847
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		233,970	182,619
Deferred revenue	5	585,070	602,881
		<b>819,040</b>	785,500
Deferred revenue	5	104,712	135,101
		<b>923,752</b>	920,601
<b>Net Assets</b>		<b>330,795</b>	331,246
		<b>1,254,547</b>	1,251,847

**COMMITMENTS (Note 8)**

Approved on behalf of the Board:

Director 

  
 Director

**PAIN BC SOCIETY**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023	2022
		\$	\$
<b>Revenues</b>			
Fundraising			
Corporate, foundations and other	5	524,848	735,860
Government	5,6	2,574,679	1,422,652
Individuals	5	44,888	78,531
Programs and events	5	223,531	328,860
		<b>3,367,946</b>	2,565,903
Interest		14,274	7,485
Other income		122,203	97,044
		<b>3,504,423</b>	2,670,432
<b>Expenses</b>			
	9		
Communications		287,919	232,948
Education		1,544,569	1,032,963
Fund development		95,987	95,282
Health system coordination		133,969	97,995
Operations		503,265	429,499
Research		232,700	58,979
Support services		706,465	721,941
		<b>3,504,874</b>	2,669,607
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>		<b>(451)</b>	825
<b>NET ASSETS – BEGINNING OF YEAR</b>		<b>331,246</b>	330,421
<b>NET ASSETS – END OF YEAR</b>		<b>330,795</b>	331,246

See notes to financial statements

**PAIN BC SOCIETY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	\$	\$
<b>Operating Activities</b>		
(Deficiency) excess of revenues over expenses	(451)	825
Amortization of capital assets	5,803	1,824
	<b>5,352</b>	<b>2,649</b>
Changes in non-cash working capital:		
Accounts receivable	105,607	(79,152)
Prepaid expenses	(3,355)	3,056
Accounts payable and accrued liabilities	51,351	(26,769)
Deferred revenue	(48,200)	(575,025)
	<b>110,755</b>	<b>(675,241)</b>
<b>Investing Activity</b>		
Purchase of equipment	(13,427)	(6,206)
Net increase (decrease) in cash	97,328	(681,447)
<b>Cash and cash equivalents, Beginning of Year</b>	<b>953,973</b>	<b>1,635,420</b>
<b>Cash and cash equivalents, End of Year</b>	<b>1,051,301</b>	<b>953,973</b>
<b>Represented by:</b>		
Cash	361,519	215,991
Restricted cash and cash equivalents	689,782	737,982
	<b>1,051,301</b>	<b>953,973</b>

---

**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

1. PURPOSE OF THE SOCIETY

Pain BC Society (the "Society") was incorporated provincially under the British Columbia Society Act in 2008 and is a registered charity for the purposes of the Income Tax Act (Canada) and is accordingly exempt from income taxes.

The Society's mission is to enhance the wellbeing of all people with pain through empowerment, care, education and innovation. The Society raises funds to focus on six primary strategies:

- Prevent persistent pain and intervene early to reduce its impacts;
- Empower people who live with pain to enhance wellbeing;
- Educate health care providers to better assess and manage pain;
- Improve the systems that impact people in pain, communities and society;
- Combat stigma and its negative effects; and
- Foster research on pain and pain-related disability

In 2022, the Society launched Pain Canada which is a multi-stakeholder, national initiative supported by the Society. Pain Canada's mission is to increase education and awareness about the importance of managing pain, expand the reach of pain management care options and increase collaboration and community capacity. This initiative is meant to unite a national community of pain organizations to improve systems of care and support people with pain. Pain Canada has several partners, including provincial and national non-profit organizations and clinical, peer and research networks.

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 Handbook - Accounting.

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and term deposits that are short-term, highly liquid, and readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(b) Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred, if the amount to be received can be reasonably estimated and collection is reasonably assured. 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.

Interest income is recorded on an accrual basis.

---

**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Capital Assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	3 years	straight line method
--------------------	---------	----------------------

The Society's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the Society's value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of income and are not reversed.

(d) Contributed Materials and Services

The Society benefits from contributed services in the form of volunteer time. The value of volunteer time is not recognized in these financial statements. Other contributed materials and services are recognized only when their fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

(e) Allocation of Expenditures

The Society engages in public, patient and clinical education, patient support programs, research and systems redesign initiatives, and stigma reduction and awareness raising. The costs of each program include expenditures that are directly related to providing the program. The Society also incurs general office expenditures that are common to the administration of the organization and each of its programs. The services of contractors and employees are used to support the operations and everyday activities of the Society.

The Society allocates a certain portion of its contractor and employee expenditures, and general office expenditures by identifying the appropriate basis of allocating each component expenditure and applying that basis consistently each year, allowing for fluctuations in program activities. Expenditures are allocated on the following basis:

- Contractor and employee expenditures are allocated proportionately based on the estimated time spent by individuals on each program.
- General office expenditures are allocated proportionately based on the estimated usage by each program.

(f) Financial Instruments

i) Measurement

The Society's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable.

The Society initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.



**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Financial Instruments *(continued)*

ii) Impairment

Financial assets subsequently 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 revenue and expenses. 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 income in the period in which it is determined.

iii) Transaction Costs

The Society recognizes transaction costs in the statement of 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.

(g) 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. Significant areas requiring the use of management estimates are determination of revenue and deferred revenue to be recognized in the year and allocation of expenditures to the Society's various programs.

3. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents are made up of the following:

	<b>2023</b>	2022
	<b>\$</b>	<b>\$</b>
Cash	<b>236,367</b>	42,656
Term deposit #1 (bears interest at 2.60%, matures May 2024) (2022: 2.60%, November 2023)	<b>453,415</b>	442,180
Term deposit #2 (2022: 2.25%, November 2023)	-	253,146
	<b>689,782</b>	737,982

Term deposit #1 consists of an internally restricted contingency fund setup by the Society in 2020. The funds are intended to be used when the Society encounters cash flow challenges due to timing of grants and/or in the event of the dissolution of the Society.

**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

4. EQUIPMENT

	Cost	Accumulated Amortization	<b>2023</b> Net book value	2022 Net book value
	\$	\$	\$	\$
Computer equipment	19,634	7,628	<b>12,006</b>	4,382

5. CONTRIBUTIONS AND DEFERRED REVENUE

The Society receives both restricted and unrestricted contributions in the form of grants and donations. Restricted contributions are received from funding organizations for specific projects or activities proposed by the Society. Unrestricted contributions are grants and donations received from funding organizations and individuals used to deliver results in accordance with the Society's Strategic Plan. Contributions are made up as follows:

For the year ended December 31, 2023:

	Deferred Revenue December 31 2022	Restricted	Unrestricted	Recognized Revenue	Deferred Revenue December 31 2023
	\$	\$	\$	\$	\$
Corporate, Foundations and Other	357,892	755,493	10,984	(524,848)	<b>599,521</b>
Government	377,425	2,287,515	-	(2,574,679)	<b>90,261</b>
Individuals, programs and events	2,665	234,026	31,728	(268,419)	-
	<b>737,982</b>	<b>3,277,034</b>	<b>42,712</b>	<b>(3,367,946)</b>	<b>689,782</b>

For the year ended December 31, 2022:

	Deferred Revenue December 31 2021	Restricted	Unrestricted	Recognized Revenue	Deferred Revenue December 31 2022
	\$	\$	\$	\$	\$
Corporate, Foundations and Other	413,774	625,728	54,250	(735,860)	<b>357,892</b>
Government	898,533	901,544	-	(1,422,652)	<b>377,425</b>
Individuals, programs and events	700	380,808	28,548	(407,391)	<b>2,665</b>
	<b>1,313,007</b>	<b>1,908,080</b>	<b>82,798</b>	<b>(2,565,903)</b>	<b>737,982</b>

---

**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

5. CONTRIBUTIONS AND DEFERRED REVENUE *(continued)*

Pain Strategy Grant

During the year ended December 31, 2021, the Society received a \$1,000,000 contribution from the Ministry of Health. This contribution is externally restricted to support initiatives related to improving pain assessment and management in health organizations and work related to the evolving Provincial Pain Strategy. During the year ended December 31, 2023, \$315,422 (2022 - \$331,460) was recorded as revenue on the statement of income with respect to this contribution. As of December 31, 2023, \$62,002 (2022 - \$377,425) was recorded as deferred revenue from the Ministry of Health contribution, as this balance will be recorded as revenue when the related expenditures are incurred.

6. ECONOMIC DEPENDENCE

The Society's major sources of revenue are derived from various government ministries, agencies and entities; therefore, its ability to continue viable operations is dependent upon maintaining its government funding.

Ministry of Health, a department of the provincial government, represents 34% (2022 – 43%) of total revenue. Health Canada, a department of the federal government, represents 40% (2022 – 9%) of total revenue. Together, these entities represent 74% (2022 – 52%) of total revenue.

7. GUARANTEES

Indemnity has been provided to all directors and officers of the Society for various items, including but not limited to, all costs to settle suits or actions due to involvement with the Society, subject to certain restrictions. The Society has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as director or officer of the Society. The nature of this indemnity prevents the Society from making a reasonable estimate of the maximum exposure to liability. This stems from the unpredictability of future events and the unlimited coverage offered. Historically, the Society has not made any payments for indemnities, and therefore no amount has been accrued in the financial statements.

8. COMMITMENTS

The Society currently leases office space under an agreement expiring June 30, 2025. The agreement is a five year lease of office space from July 1, 2020 to June 30, 2025.

The Society currently has a sublet agreement for the office space effective January 1, 2021 expiring on June 29, 2025. Rental income from the sublet is \$41,937 per annum, offsetting most of the lease payments below.

The total lease payments under the terms of the lease are as follows:

2024	\$47,275
2025	\$23,638
	<u>\$70,913</u>

**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

9. EXPENSES

For the year ended December 31, 2023, the expenditures are allocated as below.

	Pain BC	Pain Canada	Total
	\$	\$	\$
Expenses			
Communications	62,635	225,284	287,919
Education	421,856	1,122,713	1,544,569
Fund development	69,107	26,880	95,987
Health system coordination	52,244	81,725	133,969
Operations	323,219	180,046	503,265
Research	-	232,700	232,700
Support services	688,640	17,825	706,465
	1,617,701	1,887,173	3,504,874

For the year ended December 31, 2022, the expenditures are allocated as below.

	Pain BC	Pain Canada	Total
	\$	\$	\$
Expenses			
Communications	137,535	95,413	232,948
Education	700,346	332,617	1,032,963
Fund development	69,712	25,570	95,282
Health system coordination	71,605	26,390	97,995
Operations	326,377	103,122	429,499
Research	2,978	56,001	58,979
Support services	715,532	6,409	721,941
	2,024,085	645,522	2,669,607

---

**PAIN BC SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

---

10. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTS

Included in expenses are 14 (2022 – 8) employees with remuneration over \$75,000. Total compensation of these individuals for the year ended December 31, 2023 was \$1,373,815 (2022 - \$841,910).

11. FINANCIAL INSTRUMENTS

The Society's financial instruments are described in Note 2(f). In management's opinion, the Society is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk except as described below. In addition, the Society is not exposed to any material concentration of risk except as described below. There have been no significant changes in risk exposure from prior year.

*Credit Risk*

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and restricted cash and cash equivalents. The Society has mitigated this risk by holding these instruments with major financial institutions. All of the Society's cash and cash equivalents are held at Canadian chartered banks.

The Society is also exposed to credit risk with respect of its accounts receivable. The risk is mitigated by entering into contracts with credit-worthy counterparties.

*Liquidity Risk*

Liquidity risk is a the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable. The Society mitigates this risk by maintaining sufficient cash reserves. 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 risk, interest rate risk and other price risk. The Society is not exposed to any market risk.