
PAIN BC SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021, and the statements of revenue and expenses 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, 2021, and the results of its operations and 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.

Other Matter

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 28, 2021.

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.

Regulatory 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 13, 2022

PAIN BC SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		\$	\$
Assets			
Current			
Cash		322,413	134,094
Accounts receivable		201,576	286,319
Prepaid expenses		15,820	21,445
Restricted cash and cash equivalents	3	1,012,000	750,356
		1,551,809	441,858
Restricted cash and cash equivalents	3	301,007	-
		1,852,816	1,192,214
Liabilities			
Accounts payable and accrued liabilities		209,388	109,558
Deferred revenue	4	1,012,000	750,356
		1,221,388	859,914
Deferred revenue	4	301,007	-
		1,522,395	859,914
Net Assets			
Unrestricted net assets		330,421	332,300
		1,852,816	1,192,214

COMMITMENTS (Note 7)

Approved on behalf of the Board:



Director



Director

See notes to financial statements

PAIN BC SOCIETY
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		\$	\$
Revenues			
Fundraising			
Corporate, foundations and other	4	765,752	175,114
Government	4	1,228,921	1,357,256
Individuals	4	21,100	20,645
Programs and events	4	143,903	72,582
		2,159,676	1,625,597
Interest			
Government assistance	8	-	89,102
Other income		118,088	7,740
		2,286,306	1,739,733
Expenses			
Communications		177,439	148,542
Education		858,206	543,954
Health system coordination		184,434	62,430
Operations		497,982	431,945
Research		33,370	35,786
Support services		536,754	520,254
		2,288,185	1,742,911
DEFICIENCY OF REVENUES OVER EXPENSES		(1,879)	(3,178)
NET ASSETS – BEGINNING		332,300	335,478
NET ASSETS – ENDING		330,421	332,300

See notes to financial statements

PAIN BC SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	\$	\$
Operating Activities		
Deficiency of revenues over expenditures	(1,880)	(3,178)
Changes in non-cash working capital:		
Interest receivable	(1,814)	-
Accounts receivable	86,557	(177,497)
Prepaid expenses	5,625	(9,264)
Accounts payable and accrued liabilities	99,829	15,914
Deferred revenue	562,651	(28,552)
	750,970	(202,577)
Net increase (decrease) in cash and cash equivalents	750,970	(202,577)
Cash and cash equivalents, Beginning of Year	884,450	1,087,027
Cash and cash equivalents, End of Year	1,635,420	884,450
Represented by:		
Cash	322,413	134,094
Restricted cash and cash equivalents	1,313,007	750,356
	1,635,420	884,450

PAIN BC SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 March 2020, a global health pandemic was declared due to the COVID-19 virus, which has had a significant impact on economic and social activity through the restrictions put in place by various levels of government regarding travel, business operations, and public gatherings. The pandemic has had minimal impact on the Society's revenue and operations during fiscal 2021. At this time, the extent of the impact that the COVID-19 health pandemic may have on the Society is not entirely determinable as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. The Society has been successful at maintaining steady cash flows by continuing its operations remotely. At this time, there has been no change to the Society's funding.

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 the accrual basis.

PAIN BC SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) 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.

(d) 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.

(e) 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.

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 revenue and expenses in the period in which it is determined.

iii) Transaction costs

The Society recognizes transaction costs in the statement of revenue and expenses 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.

PAIN BC SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) 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:

	2021	2020
	\$	\$
Cash	181,096	290,224
Term deposit #1 (bears interest at 0.30%, matures March 2022 (2020: 1.50%, February 2021))	331,911	255,986
Term deposit #2 (bears interest at 0.20%, matures April 2022 (2020: 0.80%, May 2021))	800,000	204,146
	<u>1,313,007</u>	<u>750,356</u>

4. 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, 2021:

	Deferred Revenue December 31 2020 \$	Restricted \$	Unrestricted \$	Recognized Revenue \$	Deferred Revenue December 31 2021 \$
Corporate, Foundations and Other	408,778	749,523	21,225	(765,752)	413,774
Government	319,043	1,808,378	33	(1,228,921)	898,533
Individuals, programs and events	22,535	122,068	21,100	(165,003)	700
	<u>750,356</u>	<u>2,679,969</u>	<u>42,358</u>	<u>(2,159,676)</u>	<u>1,313,007</u>

PAIN BC SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

4. CONTRIBUTIONS AND DEFERRED REVENUE *(continued)*

For the year ended December 31, 2020:

	Deferred Revenue December 31 2019 \$	Restricted \$	Unrestricted \$	Recognized Revenue \$	Deferred Revenue December 31 2020 \$
Corporate, Foundations and Other	152,823	415,569	15,500	(175,114)	408,778
Government	613,328	1,062,886	85	(1,357,256)	319,043
Individuals, programs and events	12,757	82,360	20,645	(93,227)	22,535
	778,908	1,560,815	36,230	(1,625,597)	750,356

Provincial Pain Summit

During the year ended December 31, 2017, the Society received a \$1,500,000 contribution from the Ministry of Health. This contribution is externally restricted to support the initiatives that were developed from the Society's Provincial Pain Summit in February 2017. During the year ended December 31, 2021, \$29,043 (2020 - \$584,286) was recorded as revenue on the statement of operations with respect to this contribution. As at December 31, 2021, this grant is fully recognized.

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, 2021, \$291,116 (2020 - \$Nil) was recorded as revenue on the statement of operations with respect to this contribution. As of December 31, 2021, \$708,884 (2020 - \$Nil) 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.

5. 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.

PAIN BC SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

6. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 2(e). 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. The Society's financial instruments risks have not been significantly impacted by the COVID-19 pandemic considering there was no significant impact to the Society's operations. 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.

Although the financial impact of the health pandemic has been pervasive, based on the unrestricted net assets available to the Society, there has been minimal liquidity risk impact to the Society as a result of COVID-19.

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

7. 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:

2022	\$47,275
2023	\$47,275
2024	\$47,275
2025	\$23,638
	<u>\$165,463</u>

**PAIN BC SOCIETY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

8. GOVERNMENT ASSISTANCE

For the year ended December 31, 2020, the Society received government assistance totalling \$89,102 from the Government of Canada COVID-19 response programs.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification does not have any effect on the total assets, fund balances, or excess (deficiency) of revenues over expenses previously reported.