

**SOS Children's Village British Columbia (Canada) Society**  
**Financial Statements**  
*For the year ended December 31, 2021*

# SOS Children's Village British Columbia (Canada) Society Contents

*For the year ended December 31, 2021*

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To the Members of SOS Children's Village British Columbia (Canada) Society:

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of SOS Children's Village British Columbia (Canada) Society (the "Society"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, 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, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### 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 Auditor's Responsibilities for the Audit of the 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 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 statement for the year ended were audited by another auditor who expressed qualified opinion on those statements on March 6, 2021 due the completeness of revenue derived from fundraising activities.

## 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.

## Auditor's 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 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 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 auditor's 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 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 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 Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Surrey, British Columbia

May 31, 2022

*MNP LLP*

Chartered Professional Accountants

# SOS Children's Village British Columbia (Canada) Society

## Statement of Financial Position

*As at December 31, 2021*

	<i>2021</i>	<i>2020</i>
<b>Assets</b>		
<b>Current</b>		
Cash	787,844	316,712
Term deposits <i>(Note 4)</i>	160,820	493,227
Contributions receivable	13,255	182,838
Goods and service tax recoverable	4,908	5,472
Prepaid expenses and deposits	24,707	27,980
Advances to related parties <i>(Note 5)</i>	8,601	32,750
Internally restricted cash <i>(Note 6)</i>	53,223	34,667
	<b>1,053,358</b>	1,093,646
<b>Internally restricted term deposits</b> <i>(Note 4), (Note 6)</i>	<b>1,389,596</b>	1,443,531
<b>Investments</b> <i>(Note 7)</i>	<b>5,613,143</b>	5,344,733
<b>Endowment Investment - at fair value</b> <i>(Note 8)</i>	<b>158,753</b>	135,715
<b>Property, Buildings and Equipment</b> <i>(Note 9)</i>	<b>771,850</b>	781,984
	<b>8,986,700</b>	8,799,609

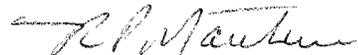
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**SOS Children's Village British Columbia (Canada) Society**  
**Statement of Financial Position**

*As at December 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	105,216	102,082
Employee deductions payable	15,170	19,504
Wage and employee benefits payable	578	17,967
Deferred contributions (Note 10)	159,840	165,548
	<b>280,804</b>	<b>305,101</b>
Deferred contributions related to capital assets (Note 11)	334,745	351,617
	<b>615,549</b>	<b>656,718</b>
<b>Commitments (Note 12)</b>		
<b>Net Assets</b>		
Unrestricted	6,332,474	6,097,558
Invested in Capital Assets	437,105	431,420
Endowment	158,753	135,715
Internally restricted (Note 6)	1,442,819	1,478,198
	<b>8,371,151</b>	<b>8,142,891</b>
	<b>8,986,700</b>	<b>8,799,609</b>

Approved on behalf of the Board of Directors



Director



Director

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

# SOS Children's Village British Columbia (Canada) Society

## Statement of Operations

*For the year ended December 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Grants	394,462	332,031
Dividend and interest income	179,821	136,269
Rent recovery	173,000	166,200
Individual donations	166,196	136,493
BC Gaming	100,000	95,486
Vancouver Aboriginal Child and Family Services Society	90,813	77,815
SOS Children's Village Thrift Store Foundation (Note 13), (Note 14)	85,000	-
Corporate and organization donations	46,398	25,804
SOS Children's Villages Canada (Note 14)	15,917	27,511
Wage subsidies (Note 15)	9,434	23,406
Other income	400	225
Fundraising events	-	1,574
	<b>1,261,441</b>	<b>1,022,814</b>
<b>Expenses (Note 5)</b>		
Program (Note 20)	1,203,405	1,043,587
Development	330,845	313,871
Administrative	247,886	344,956
	<b>1,782,136</b>	<b>1,702,414</b>
<b>Deficiency of revenues over expenses before other items</b>	<b>(520,695)</b>	<b>(679,600)</b>
<b>Other items</b>		
Realized gain on sale of investments	592,405	30,733
Bequests	170,595	413,044
Amortization of deferred contributions related to capital assets (Note 11)	21,872	15,298
Gain on disposal of capital assets	2,199	-
Unrealized gain (loss) on investments	(38,116)	791,433
	<b>748,955</b>	<b>1,250,508</b>
<b>Excess of revenues over expenses</b>	<b>228,260</b>	<b>570,908</b>

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

**SOS Children's Village British Columbia (Canada) Society**  
**Statement of Changes in Net Assets**

*For the year ended December 31, 2021*

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Endowment</i>	<i>Internally Restricted</i>	<i>2021</i>	<i>2020</i>
<b>Net assets beginning of year</b>	6,097,558	431,420	135,715	1,478,198	8,142,891	7,571,983
<b>Excess (deficiency) of revenues over expenses</b>	221,415	(16,193)	23,038	-	228,260	570,908
<b>To release the 2021 operating reserve</b>	1,023,283	-	-	(1,023,283)	-	-
<b>To reserve the 2022 operating reserve</b>	(965,391)	-	-	965,391	-	-
<b>To transfer the exterior paint expenses paid by Unrestricted reserve for Village Maintenance reserve</b>	28,331	-	-	(28,331)	-	-
<b>To reserve 2022 Village Maintenance reserve</b>	(50,844)	-	-	50,844	-	-
<b>Net interfund transfer on purchases of Property, Building and Equipment</b>	(21,878)	21,878	-	-	-	-
<b>Net assets, end of year</b>	6,332,474	437,105	158,753	1,442,819	8,371,151	8,142,891

*The accompanying notes are an integral part of these*

# SOS Children's Village British Columbia (Canada) Society

## Statement of Cash Flows

*For the year ended December 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenues over expenses	228,260	570,908
Adjustments to determine the net cash provided by (used in) operating activities		
Recognition of deferred contributions related to capital assets	(21,872)	(15,298)
Amortization of property, buildings and equipment	40,264	45,189
Realized gain on sales of investments	(592,405)	(30,733)
Unrealized gain (loss) on investments	38,116	(791,433)
Unrealized gain on endowment investments	(23,038)	(13,054)
Gain on disposal of property, buildings and equipment	(2,199)	-
	<b>(332,874)</b>	<b>(234,421)</b>
Changes in working capital accounts		
Contributions receivable	169,583	1,171,414
Goods and service tax recoverable	564	123
Prepaid expenses and deposits	3,273	(10,825)
Accounts payable and accruals	(8,382)	23,489
Employee deductions payable	(4,334)	4,140
Wages and employee benefits payable	(5,873)	(3,600)
Deferred contributions	(5,708)	(54,980)
	<b>(183,751)</b>	<b>895,340</b>
<b>Financing</b>		
Repayment of loan payable to related party	-	(343,152)
Advances to related parties	(6,974)	(19,436)
Repayment of advances to related parties	31,123	-
Deferred contributions related to capital assets received	5,000	-
	<b>29,149</b>	<b>(362,588)</b>
<b>Investing</b>		
Proceeds on disposal of term deposits	332,407	(13,909)
Purchase of property, buildings and equipment	(30,125)	(33,569)
Proceeds on disposal of property, buildings and equipment	2,199	-
Net proceeds on disposal (purchase) of investments	285,874	(1,231,519)
Decrease in internally restricted term deposits	53,935	668,471
	<b>644,290</b>	<b>(610,526)</b>
<b>Increase (decrease) in cash resources</b>	<b>489,688</b>	<b>(77,774)</b>
<b>Cash, beginning of year</b>	<b>351,379</b>	<b>429,153</b>
<b>Cash, end of year</b>	<b>841,067</b>	<b>351,379</b>
<b>Cash are composed of:</b>		
Cash	787,844	316,712
Internally restricted cash	53,223	34,667
	<b>841,067</b>	<b>351,379</b>

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

# SOS Children's Village British Columbia (Canada) Society

## Notes to the Financial Statements

For the year ended December 31, 2021

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### 1. Incorporation and nature of the organization

SOS Children's Village British Columbia (Canada) Society (the "Society") was incorporated under the Society Act (formerly the Societies Act) on July 10, 1986, in the Province of British Columbia. The Society is a registered charity and thus is exempt from income taxes under the Income Tax Act ("the Act"). In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Society's purpose is to provide various programs and support services to caregivers, children in care, and vulnerable youth. Programs offered include: village housing, mental health services, education, camps and recreation, and youth.

#### Impact on operations of COVID-19 (coronavirus)

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

Given the nature of the Society and its operations, the outbreak of COVID-19 did not have a significant financial effect on the Society's operations in the current fiscal year, nor is it anticipated to have a significant financial effect on its operations in fiscal 2022, nor its ability to continue as a going concern.

### 2. Adoption of revised Accounting Standard

#### Financial instruments

##### Financial instruments in a related party transaction, risk disclosures and other amendments

Effective January 1, 2021 (hereafter referred to as the "initial date of application"), the Society adopted the Accounting Standards Board's revised recommendations for the measurement and disclosure of financial instruments in a related party transaction, as well as revisions to risk disclosures, in Section 3856 *Financial Instruments*. The revised standard provides additional guidance and requirements for the measurement of financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments").

Revised Section 3856 clarifies that an entity must provide relevant entity-specific information to enable users to evaluate the nature and extent of each type of risk arising from financial instruments. The amendments remove the requirement to separately disclose the risks arising from derivatives from the risks arising from other financial instruments.

All related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

At initial recognition, the Society may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. If the election is not made, these instruments are subsequently measured at amortized cost. All other financial instruments arising in a related party transaction are subsequently measured using the cost method.

Previously, the Society initially measured related party financial instruments at either the carrying amount or exchange amount in accordance with Section 3840 *Related Party Transactions*. Subsequent to initial recognition, related party financial instruments were measured in accordance with extant Section 3856.

#### Transition

The Society applied the changes in accounting policies resulting from the adoption of revised Section 3856 retrospectively.

The retrospective application of this change in accounting policy did not have a material impact on the results of operations and financial condition of the Society.

# SOS Children's Village British Columbia (Canada) Society

## Notes to the Financial Statements

*For the year ended December 31, 2021*

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### 3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies

#### **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. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Rental recovery is recognized as revenue on an accrual basis in accordance with the underlying tenant agreement.

#### **Property, buildings and equipment**

Purchased property, buildings and equipment are recorded at cost. Amortization is provided using the following methods at rates/terms intended to amortize the cost of the assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	2 %
Motor vehicles	declining balance	30 %
Computer equipment	straight-line	3 years
CRM software	straight-line	10 years
Furniture and fixtures	straight-line	10 years
Promotional DVD	straight-line	3 years
Leasehold improvements	straight-line	8 years
Site Development	declining balance	4 %
Village Improvements	straight-line	5 years

#### **Government assistance**

Government subsidies are recorded as revenue in the period to which the subsidy applies once there is reasonable assurance that the Society will meet the eligibility criteria, the government support will be received and the amount to be received is measurable.

#### **Contributed goods and services**

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and service are used in the normal course of the Society's operations and would otherwise have been purchased.

#### **Controlled entity**

The Society has elected to not consolidate SOS Children's Village Thrift Store Foundation (the "Foundation"), an entity controlled by virtue of common board members. A summary of the financial position and operations of the Foundation as at and for year ended December 31, 2021 are included in Note 13 to these financial statements.

#### **Foreign currency translation**

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and monetary liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of revenues over expenses for the current period.

**SOS Children's Village British Columbia (Canada) Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

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**3. Significant accounting policies** *(Continued from previous page)*

**Financial instruments**

The Society recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

**Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

The Society subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost. Transaction costs and financing fees attributable to the origination, acquisition, issuance or assumption of financial instruments measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Related party financial instruments**

The Society initially measures financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at cost on initial recognition. When the financial instrument and the consideration transferred do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 14).

Financial instruments initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

**Financial asset impairment**

The Society assesses impairment of all its financial assets measured at cost or amortized cost. The Society groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Society reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

**SOS Children's Village British Columbia (Canada) Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

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**3. Significant accounting policies** (Continued from previous page)

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Contributions receivable and advances to related party are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property, building and equipment.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

**4. Term deposits**

The Society's term deposits have interest rates of 0.05% to 1.03% (2020 – 0.5% to 1.00%) and varying maturity dates through October 2023. Term deposits with maturities within 12 months of the fiscal year end are presented as current assets, those with maturities of greater than 12 months are presented as long-term.

**5. Advances to related parties**

Advances to SOS Children's Village Thrift Store Foundation and SOS Children's Village Canada (related by virtue of common directors and affiliation respectively) are unsecured, non-interest bearing and without specific terms of repayment.

	<b>2021</b>	2020
SOS Children's Village Thrift Store Foundation	<b>1,627</b>	32,750
SOS Children's Villages Canada	<b>6,974</b>	-
	<b>8,601</b>	32,750

**6. Internally restricted net assets**

The Society's Board of Directors has internally restricted \$965,391 as an operating reserve, and \$477,428 for future Village maintenance activities. The internally restricted net assets are not available for other purposes without approval of the board of directors.

Internally restricted operating reserve net assets represent a fiscally prudent operating reserve, restricted to provide funds for the continuity of operations and operational contingencies covering six months of budgeted operating expenses, based on the operating budget of the subsequent fiscal year.

Internally restricted Village maintenance net assets represent a reserve for future costs related to the repairs and maintenance of the Village over the next five years, as determined in the Society's depreciation report dated December 3, 2020.

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet these objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective fund. These interfund transfers are reported in the statement of changes in Net Assets.

During the year ended December 31, 2021, \$50,844 was internally restricted for future Village repair and maintenance costs and \$86,223 was released to the unrestricted fund for expenditures on internally restricted activities.

**SOS Children's Village British Columbia (Canada) Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

**7. Investments**

	<i>2021</i>	<i>2020</i>
<b>Market Value</b>		
Fixed Income	1,107,621	1,409,128
Canadian pooled equity funds	2,239,651	2,526,003
United States pooled equity funds	2,265,871	1,282,691
Alternatives and other investment	-	126,911
	5,613,143	5,344,733
<b>Cost</b>		
Fixed Income	1,107,277	1,415,910
Canadian pooled equity funds	1,736,942	1,970,960
United States pooled equity funds	1,942,122	956,316
Alternatives and other investment	-	115,781
	4,786,341	4,458,967

**8. Endowment Investment**

The Society established a registered fund with the First West Foundation (the "Foundation"). The Society is relying on the expertise of the Foundation to invest in appropriate financial instruments to achieve the best possible rate of return at an appropriate level of risk. The annual income generated will be disbursed as needed to the Society for operations of the Village.

**9. Property, Buildings and Equipment**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Land	123,224	-	123,224	123,224
Buildings	668,313	131,645	536,668	547,613
Motor vehicles	17,577	17,465	112	160
Computer equipment	55,156	30,052	25,104	388
CRM software	7,724	1,159	6,565	7,338
Furniture and fixtures	235,729	182,626	53,103	61,742
Promotional DVD	23,360	23,360	-	-
Leasehold improvements	33,991	25,493	8,498	12,747
Site Development	4,808	2,504	2,304	2,404
Village Improvements	95,256	78,984	16,272	26,368
	1,265,138	493,288	771,850	781,984

**SOS Children's Village British Columbia (Canada) Society**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

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**10. Deferred contributions**

Deferred contributions consist of unspent contributions externally restricted for specific purposes as designated by the contributors. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	<i>2021</i>	<i>2020</i>
Balance, beginning of year	<b>165,548</b>	220,528
Amount received during the year	<b>405,641</b>	225,067
Less: Amounts recognized as revenue during the year	<b>(411,349)</b>	(280,047)
	<b>159,840</b>	165,548

**Deferred contributions are comprised of the following externally designated restrictions:**

Education	68,190	-
Youth	56,654	30,702
Mental Health	24,996	7,729
Other Village programs	10,000	22,117
Administrative costs	-	5,000
Subtotal	<b>159,840</b>	65,548
B.C. Gaming funds	-	100,000
	<b>159,840</b>	165,548

**11. Deferred contributions related to capital assets**

Deferred capital contributions consist of the unamortized amount of restricted contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	<i>2021</i>	<i>2020</i>
Balance, beginning of year	<b>351,617</b>	366,915
Contributed capital assets	<b>5,000</b>	-
Less: Amounts recognized as revenue during the year	<b>(21,872)</b>	(15,298)
Balance, end of year	<b>334,745</b>	351,617

# SOS Children's Village British Columbia (Canada) Society

## Notes to the Financial Statements

*For the year ended December 31, 2021*

### 12. Commitments

The Society leases its premises under a long term lease that expires March 31, 2024. Under the lease, the Society is required to pay a base rent and its proportionate share of utilities, property taxes, maintenance and other related costs for the leased premises

Future minimum lease payments related to the obligation under the lease are as follows:

	32,988
2022	32,988
2023	33,792
2024	8,848
	75,628

The Society has an agreement with SOS II Children's Village British Columbia (Canada) Society, an independent non-profit Society, with regards to certain real estate properties located in Surrey, B.C.

The terms of the lease state that SOS Children's Village British Columbia (Canada) Society will have full use of the property. The Society is not required to pay rent, but is required to pay the expenses related to the leased premises. The lease expires May 16, 2103.

### 13. Controlled entity

The SOS Children's Village Thrift Store Foundation was incorporated under the British Columbia Society Act (formerly the Societies Act) on July 15, 2014. In order to maintain its status as a registered not-for-profit organization under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Foundation operates a thrift store in the Lower Mainland of British Columbia. The funds raised from the sale of merchandise in the store are donated to the associated charity, SOS children's village British Columbia (Canada) Society.

The Foundation's unaudited financial statements have not been consolidated in the Society's financial statements. Financial summaries of this unconsolidated entity as at December 31, 2021 and for the year then ended are as follows:

	<b>2021</b>	<i>2020</i>
Total assets	<b>70,473</b>	113,507
Total liabilities	<b>46,213</b>	79,824
Total net assets	<b>24,260</b>	33,683
Total revenues	<b>296,656</b>	280,538
Total expenses excluding the gift to SOS Children's Village British Columbia (Canada) Society	<b>(151,652)</b>	(378,941)
Gift to SOS Children's Village British Columbia (Canada) Society	<b>(85,000)</b>	-
Other items	<b>(69,427)</b>	71,924
Deficiency of revenues over expenses	<b>(9,423)</b>	(26,479)
Cash provided (used) by operations	<b>23,694</b>	(53,597)
Cash provided by investing	<b>7,672</b>	9,167
Cash provided (used) by financing	<b>(31,123)</b>	49,436
Net increase in cash flows	<b>243</b>	5,006

**SOS Children's Village British Columbia (Canada) Society**  
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**14. Related party transactions**

Included in the Society's statement of operations for the current year the following related party transactions:

	<b>2021</b>	<i>2020</i>
<b>SOS Children's Villages Canada (Affiliated Society)</b>		
Contributions	15,917	27,511
Membership fees	(1,500)	(1,726)
Computer software costs	(600)	(600)
	<b>13,817</b>	25,185
<b>SOS Children's Villages International (Affiliated Society)</b>		
Membership fees	84,812	14,257
<b>SOS Children's Village Thrift Store Foundation (Common directors)</b>		
Contributions received	85,000	-
<b>Matthews Campbell (Director of the Society)</b>		
Corporate and organization donations	3,000	-
<b>R.P. Matthews Inc. (Director of the Society)</b>		
Corporate and organization donations	5,000	-
<b>Stewart, Aulinger and Company (Partner of the entity is a director of the Society)</b>		
Legal fees	3,080	-
<b>SOS II Children's Village British Columbia (Canada) Society (Common directors)</b>		
interest on its loan payable	-	9,836

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

**15. Government assistance**

During the year ended December 31, 2021 the Society received wage subsidies from Service Canada - Canada Summer Jobs program of \$9,434 (2020 - \$3,954 Service Canada - Canada Summer Jobs program and \$19,452 Canada Emergency Wage Subsidy (CEWS)).

**16. Financial instruments**

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit Risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The carrying amount of the Society's financial instruments best represents the maximum exposure to credit risk.

***Liquidity Risk***

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on the collection of contributions receivable, purchasing commitments and obligations or raising funds to meet commitments and sustain operations. The Society enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates.

**SOS Children's Village British Columbia (Canada) Society**  
**Notes to the Financial Statements**  
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**15. Financial instruments** *(Continued from previous page)*

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society enters into transactions to purchase and sell exchange-traded funds and equities, exposing the Society to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2021, the Society's exposure to foreign-denominated investments and cash was CAD \$2,300,842 (2020- CAD - \$1,499,128).

***Interest rate risk***

Interest rate risk is the risk that the value of financial instruments might be adversely be affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Society is exposed to interest rate risk on its fixed income exchange traded funds and term deposits.

**17. Employee Remuneration**

During the year, the Society paid \$180,137 to two employees with salaries greater than \$75,000 (2020 - \$271,755 three employees). No remuneration was paid to any members of the Board of Directors.

**18. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were audited by another auditor.

**19. Expenses by nature**

	<b>2021</b>	<b>2020</b>
Wages and contracts	<b>1,074,701</b>	1,039,796
General and administration	<b>171,771</b>	270,600
Programs specific activities	<b>163,254</b>	115,205
Occupancy costs	<b>123,478</b>	111,927
SOS - Kinderdorf International program fees	<b>86,312</b>	16,583
Fundraising events, marketing and development	<b>72,241</b>	50,230
Repairs and maintenance	<b>50,121</b>	52,884
Amortization	<b>40,258</b>	45,189
	<b>1,782,136</b>	1,702,414

**SOS Children's Village British Columbia (Canada) Society**  
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**20. Program expenses**

	<i>Village</i>	<i>Reconciliation</i>	<i>Mental Health</i>	<i>Education</i>	<i>Youth</i>	<i>2021</i>	<i>2020</i>
Wages and contracts	376,661	19,057	99,593	66,979	139,616	701,906	670,793
Programs specific activities	114,054	35,660	173	820	12,547	163,254	126,236
Occupancy costs	89,420	-	-	328	4,175	93,923	86,038
SOS - Kinderdorf International program fees	86,312	-	-	-	-	86,312	16,583
General and administration	48,196	3,600	85	1,709	17,198	70,788	48,943
Repairs and maintenance	47,696	-	-	-	-	47,696	50,191
Amortization	39,526	-	-	-	-	39,526	44,803
	<b>801,865</b>	<b>58,317</b>	<b>99,851</b>	<b>69,836</b>	<b>173,536</b>	<b>1,203,405</b>	<b>1,043,587</b>