

**SOS CHILDREN'S VILLAGE  
BRITISH COLUMBIA (CANADA) SOCIETY**  
**Financial Statements**  
**Year Ended December 31, 2019**

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Index to Financial Statements**  
**Year Ended December 31, 2019**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3 - 4
Statement of Changes in Net Assets	5
Statement of Revenues and Expenditures	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 16



HWG, Chartered Professional Accountants

---

## INDEPENDENT AUDITOR'S REPORT

---

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

### *Qualified 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, 2019, and the statements of changes in net assets, revenues and expenditures and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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 (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Society derives revenue from fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

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 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 qualified audit opinion.

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

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian auditing standards have been applied on a basis consistent with that of the preceding year.

### *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 ASNPO, 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  
*(continues)*

---

A Partnership of Incorporated Professionals

Suite 200-17618 58th Ave, Surrey, BC, V3S 1L3  
Web Site: [www.hwgca.com](http://www.hwgca.com)



Phone: 604-576-9121 Fax: 604-576-2890  
E-mail: [hwgca@hwgca.com](mailto:hwgca@hwgca.com)

Independent Auditor's Report to the Members of SOS Children's Village British Columbia (Canada)  
Society (continued)

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.



Surrey, BC  
May 28, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 429,153	\$ 776,009
Term deposits	489,770	520,259
Accounts receivable	1,354,252	91,426
Goods and services tax recoverable	5,595	6,781
Prepaid expenses	17,155	24,912
Due from a related party (Note 8)	13,314	25,173
	<b>2,309,239</b>	1,444,560
<b>INVESTMENTS (Note 3)</b>	<b>3,337,423</b>	-
<b>LONG TERM INVESTMENT - ENDOWMENT (Note 4)</b>	<b>122,211</b>	126,644
<b>RESTRICTED CASH (Note 5)</b>	<b>2,055,625</b>	2,000,493
<b>PROPERTY, BUILDINGS AND EQUIPMENT (Note 6)</b>	<b>793,603</b>	802,768
	<b>\$ 8,618,101</b>	<b>\$ 4,374,465</b>


**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Statement of Financial Position**  
**December 31, 2019**

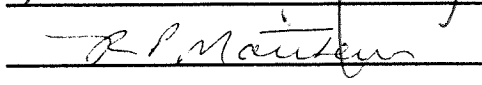
	2019	2018
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 78,592	\$ 53,710
Employee deductions payable	15,364	18,242
Wages and employee benefits payable	21,567	2,027
Deferred income / contributions (Note 7)	220,528	307,986
Current portion of due to a related party (Note 8)	17,232	16,547
Deferred contributions for capital improvements (Note 9)	1,047	1,047
	<b>354,330</b>	<b>399,559</b>
<b>DUE TO / FROM RELATED PARTY (Note 8)</b>	<b>325,920</b>	<b>343,152</b>
<b>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 9)</b>	<b>365,868</b>	<b>381,607</b>
	<b>1,046,118</b>	<b>1,124,318</b>
<b>NET ASSETS</b>		
General Fund	5,022,036	702,341
Capital Fund	2,427,736	2,421,162
Endowment Fund	122,211	126,644
	<b>7,571,983</b>	<b>3,250,147</b>
	<b>\$ 8,618,101</b>	<b>\$ 4,374,465</b>

**CONTINGENT LIABILITY (Note 10)**

**LEASE COMMITMENTS (Note 11)**

**APPROVED BY**

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

See notes to financial statements

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2019**

	General Fund	Capital Fund	Endowment Fund	<b>2019</b>	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 702,341	\$ 2,421,162	\$ 126,644	<b>\$ 3,250,147</b>	\$ 2,965,882
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	4,306,097	15,739	-	<b>4,321,836</b>	284,265
Purchase of property, buildings and equipment	(48,194)	48,194	-	-	-
Loss on disposal of equipment	700	(700)	-	-	-
Amortization	56,659	(56,659)	-	-	-
Interfund transfer	4,433	-	(4,433)	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,022,036</b>	<b>\$ 2,427,736</b>	<b>\$ 122,211</b>	<b>\$ 7,571,983</b>	<b>\$ 3,250,147</b>

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	2019	2018
<b>REVENUES</b>		
Grants	\$ 322,481	\$ 499,996
Investment income (Note 12)	272,205	27,686
Rent recovery	199,300	183,655
Gifts from SOS Children's Village Thrift Store Foundation	151,582	17,500
Individual donations	131,348	245,068
Therapy services program (Note 16)	114,052	272,555
BC Gaming grants	103,204	121,930
Vancouver Aboriginal Child and Family Services Society	76,662	76,662
Corporate and organization donations	61,966	41,012
Fundraising events	15,885	191,489
Other income	9,997	75
SOS Children's Villages Canada	8,090	75,481
Wage subsidies	7,562	-
	<u>1,474,334</u>	<u>1,753,109</u>
<b>EXPENDITURES</b>		
Administration	230,639	179,037
Amortization of promotional DVD	2,187	2,187
Development	272,189	270,654
Fundraising events	12,467	129,822
Program	1,231,375	1,208,024
	<u>1,748,857</u>	<u>1,789,724</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<u>(274,523)</u>	<u>(36,615)</u>
<b>OTHER ITEMS</b>		
Bequests	4,581,320	305,000
Amortization of deferred contributions related to capital assets (Note 9)	15,739	15,880
Loss on disposal of equipment	(700)	-
	<u>4,596,359</u>	<u>320,880</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 4,321,836</u>	<u>\$ 284,265</u>



**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**

**Statement of Cash Flows**

**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 4,321,836	\$ 284,265
Items not affecting cash:		
Amortization	56,659	62,579
Loss on disposal of equipment	700	-
Unrealized gain on investments	(45,621)	-
	<u>4,333,574</u>	<u>346,844</u>
Changes in non-cash working capital:		
Accounts receivable	(1,262,826)	581,058
Goods and services tax recoverable	1,186	(1,746)
Prepaid expenses	7,757	(14,618)
Accounts payable and accrued liabilities	24,883	(8,989)
Employee deductions payable	(2,878)	8,050
Wages and employee benefits payable	19,540	113
Deferred income / contributions	(87,458)	(250,300)
Deferred contributions for capital improvements	-	(16,663)
	<u>(1,299,796)</u>	<u>296,905</u>
Cash flow from operating activities	<u>3,033,778</u>	<u>643,749</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, buildings and equipment	(47,794)	(29,961)
Equipment acquired by way of a donation in kind	(400)	(2,160)
Long term investment - endowment fund	4,433	5,566
Purchase of investments	(6,247,245)	-
Proceeds on sale of investments	2,923,965	-
Restricted cash	(55,132)	-
	<u>(3,422,173)</u>	<u>(26,555)</u>
Cash flow used by investing activities	<u>(3,422,173)</u>	<u>(26,555)</u>
<b>FINANCING ACTIVITIES</b>		
Advances from (to) related party	11,859	(4,841)
Deferred contributions related to capital assets	15,739	10,687
Repayment of long term debt	(16,548)	(16,252)
	<u>11,050</u>	<u>(10,406)</u>
Cash flow from (used by) financing activities	<u>11,050</u>	<u>(10,406)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(377,345)</b>	<b>606,788</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>1,296,268</b>	<b>689,480</b>
<b>CASH - END OF YEAR (Note 13)</b>	<b>\$ 918,923</b>	<b>\$ 1,296,268</b>

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

---

**PURPOSE OF THE SOCIETY**

SOS Children's Village British Columbia (Canada) Society (the "Society") was incorporated under the Societies Act on July 10, 1986, in the Province of British Columbia. The Society provides a variety of programs and support services for foster parents, foster children and vulnerable youth. Programs offered include: village housing, therapy services, homework club, music program, camps and youth groups.

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

**Fund accounting**

The Society follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets and building improvements campaign.

Endowment contributions are reported in the Endowment Fund. Investment income earned on resources of the Endowment Fund is reported in the Endowment Fund.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash and term deposits with an original maturity date at purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Term deposits with an original maturity date at purchase between three months and one year are disclosed separately and their carrying value approximates fair value.

*(continues)*

---

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

---

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Property, buildings and equipment**

Property, buildings and equipment are stated at cost less accumulated amortization. Property, buildings and equipment are amortized over their estimated useful lives at the following rates and methods:

Site development	4%	declining balance method
Buildings	2%	declining balance method
Motor vehicles	30%	declining balance method
Computer equipment	3 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Leasehold improvements	8 years	straight-line method
Promotional DVD	3 years	straight-line method
Village improvements	5 years	straight-line method

The Society regularly reviews its property, buildings and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, building and equipment cost.

**Income taxes**

The Society is a registered charity under the provisions of the Income Tax Act (Canada), and is exempt from income taxes.

**Revenue recognition**

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Society, the accounts of the Society are maintained in accordance with the principles of fund accounting following the deferral method of accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the funders, donors or in accordance with directives issued by the Board of Directors (the "Board").

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.

Contribution of materials for which tax receipts are issued are recorded at fair market value on the date of contribution.

Investment income earned on the investments and endowment fund includes dividend and interest income and realized and unrealized investment gains and losses including the foreign exchange component.

Unrestricted contributions are recorded as revenue when received.

*(continues)*

---

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

---

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Investments**

Investments consist of fixed income and equity funds, and are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in operations.

**Leases**

Leases are classified as either capital or operating leases. At the time the Society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

**Volunteer services**

The operations of the organization depend on the contribution of time by volunteers. The fair value of volunteer services cannot be reasonably determined and are therefore not reflected in these financial statements.

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates include providing for amortization of property, buildings and equipment. Actual results could differ from these estimates.

---

2. **FINANCIAL INSTRUMENTS**

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019.

***(a) Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. In order to reduce its credit risk, the Society reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

***(b) Liquidity risk***

Liquidity risk is 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 receipt of funds from its supporters and other related sources, investments, long-term debt, and accounts payable.

*(continues)*

---

## SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY

### Notes to Financial Statements

Year Ended December 31, 2019

---

#### 2. FINANCIAL INSTRUMENTS *(continued)*

##### **(c) 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 rate risk, interest rate risk and other price risk.

##### **(d) Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on cash and investments held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

##### **(e) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

##### **(f) 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 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 is exposed to other price risk through its investment in marketable securities.

---

#### 3. INVESTMENTS

Investments in marketable securities include individual equities and mutual funds invested in Canadian, U.S. and international securities.

The Society received an investment portfolio as a bequest from a donor in April 2019. The Society is relying on the expertise of Cyprus Capital Management 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. The investment is recorded at the current market value.

---

#### 4. LONG TERM INVESTMENT - ENDOWMENT

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. Information is not yet available with respect to how the Endowment fund performed for the year (the Society realized an investment loss of \$5,934 in 2018). The investment is recorded at market value.

---

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**5. INTERNALLY RESTRICTED FUNDS**

The Society received a bequest of \$2,000,000 from a donor in 2017. The board of directors have received permission from the Canada Revenue Agency to internally restrict these funds for the purpose of the future expansion and development of land and buildings. This amount is reflected in the Capital Fund.

**6. PROPERTY, BUILDINGS AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2019 Net book value</b>	2018 Net book value
Land	\$ 123,224	\$ -	<b>\$ 123,224</b>	\$ 123,224
Site development	4,808	2,308	<b>2,500</b>	2,604
Buildings	668,313	109,516	<b>558,797</b>	570,201
Motor vehicles	17,577	17,297	<b>280</b>	-
Computer equipment	140,492	131,536	<b>8,956</b>	20,786
Furniture and fixtures	213,215	166,202	<b>47,013</b>	34,579
Leasehold improvements	33,991	16,996	<b>16,995</b>	21,245
Promotional DVD	23,360	23,360	-	4,373
Village improvements	91,925	56,087	<b>35,838</b>	25,756
	<b>\$ 1,316,905</b>	<b>\$ 523,302</b>	<b>\$ 793,603</b>	<b>\$ 802,768</b>

**7. DEFERRED INCOME / CONTRIBUTIONS**

Deferred contributions represent certain grants and donations received that are restricted for specific programs or purposes to be carried out in the subsequent year. Some of these funds are internally restricted while others are externally restricted. There is no prepaid therapy sessions at December 31, 2019.

	<b>2019</b>	2018
Transition to adult programs	<b>\$ 65,475</b>	\$ 28,596
Music and learning club programs	<b>6,000</b>	27,171
Administration costs	-	19,550
Therapy programs	<b>53,567</b>	133,979
	<b>125,042</b>	209,296
Subtotal	<b>125,042</b>	209,296
B.C. Gaming funds	<b>95,486</b>	98,690
	<b>\$ 220,528</b>	<b>\$ 307,986</b>

The B.C. Gaming funds are externally restricted to be used for Therapy programs, Learning clubs and Transition to Adult programs.

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**8. DUE TO / FROM RELATED PARTY**

	<b>2019</b>	<b>2018</b>
Loan payable to SOS II Children's Village British Columbia (Canada) Society, secured by a first charge to the mortgage and assignments of rents with a fixed interest rate of 4.1% per annum. The loan is repayable in blended monthly payments of \$2,572. The loan matures on May 1, 2020.	<b>\$ 343,152</b>	\$ 359,699
Amounts payable within one year	<b>(17,232)</b>	(16,547)
	<b>\$ 325,920</b>	\$ 343,152

Principal repayment terms are approximately:

2020	\$ 17,232
2021	17,946
2022	18,689
2023	19,463
2024	269,822
	<b>\$ 343,152</b>

An amount due from SOS Children's Village Thrift Store Foundation for their share of expenses is shown as due from a related party. The balance outstanding at December 31, 2019 is \$13,314 (2018 - \$25,173).

**9. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets reported as a long term liability include the unamortized portions of restricted contributions expended on the acquisition of capital assets. The changes for the period in the deferred contributions balance are as follows:

	<b>2019</b>	<b>2018</b>
Balance, beginning of the year	<b>\$ 381,607</b>	\$ 370,920
Amounts expended on capital asset purchases	-	26,567
Amounts amortized to revenue	<b>(15,739)</b>	(15,880)
Balance, end of the year	<b>\$ 365,868</b>	\$ 381,607

As at December 31, 2019, the Society has a balance of \$1,047 (2018 - \$1,047) of contributions received but not yet expended that have been externally designated for future capital improvements.

**10. CONTINGENT LIABILITY**

The Society is involved in certain legal actions. Although the actual outcome of these claims is currently indeterminable, management estimates costs of approximately \$85,000. No provision has been made in the accounts for this expense.

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**11. LEASE 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 as at year end are as follows:

2020		\$ 29,760
2021		30,576
2022		32,988
2023		33,792
2024		8,448
		<u>\$ 135,564</u>

**12. INVESTMENT INCOME**

Investment income is comprised of the following:

	<b>2019</b>	<b>2018</b>
Realized loss on sale of investments - Endowment fund	\$ -	\$ (5,934)
Dividend and interest income - General fund	<b>137,181</b>	33,620
Realized gain on sale of investments	<b>89,403</b>	-
Unrealized gain on fair value of investments	<b>45,621</b>	-
	<b>\$ 272,205</b>	<b>\$ 27,686</b>

**13. CASH**

	<b>2019</b>	<b>2018</b>
Cash and short term investments	\$ <b>429,153</b>	\$ 776,009
Term deposits	<b>489,770</b>	520,259
	<b>\$ 918,923</b>	<b>\$ 1,296,268</b>



**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

**14. RELATED PARTY TRANSACTIONS**

The following is a summary of the Society's related party transactions:

	2019	2018
SOS Children's Villages Canada <i>(Affiliated Society)</i>		
Contributions received	\$ 8,090	\$ 75,480
Computer software costs	600	-
Membership fees	1,500	7,500
	<b>\$ 10,190</b>	<b>\$ 82,980</b>
SOS Children's Villages International <i>(Affiliation)</i>		
Membership fees	\$ 14,673	\$ 14,673
SOS II Children's Village British Columbia (Canada) Society <i>(Common directors)</i>		
Interest paid on long term loan payable	\$ 14,316	\$ 13,361
Stewart, Aulinger & Company <i>(Company in which a director is a partner)</i>		
Legal fees paid	\$ 10,223	\$ 56
KD Technical Services Inc. <i>(Company owned by a board member)</i>		
Other computer services/purchases	\$ 1,438	\$ 5,429
SOS Children's Thrift Store Foundation <i>(Common directors)</i>		
Contributions received	\$ 151,582	\$ 17,500
Support services income	-	76,663
	<b>\$ 151,582</b>	<b>\$ 94,163</b>
Matthews Campbell <i>(Board member)</i>		
Fundraising event contribution	\$ 3,000	\$ -
Singh, Dev <i>(Contractor related to Executive Director)</i>		
Contractor - construction	\$ 10,856	\$ -

**SOS CHILDREN'S VILLAGE BRITISH COLUMBIA (CANADA) SOCIETY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

---

**15. AFFILIATION**

SOS Children's Village British Columbia (Canada) Society is affiliated with SOS Children's Villages Canada.

---

**16. DISCONTINUED THERAPY SERVICES**

During the year the Society permanently ceased the provision of therapy services. The deficiency of revenue over expenditures for the year ending December 31, 2019 was \$38,142 (2018 - excess of revenue over expenditures of \$114,346 ).

---

**17. EMPLOYEE REMUNERATION**

As required by the Societies Act of British Columbia, there was one individual under a contract for services that was paid in excess of \$75,000 of annual remuneration. The actual amount paid was \$90,545 (2018 - \$89,688).

---

**18. TRUSTEED FUNDS AND RESIDENTIAL PROPERTY LEASE**

The Society has an agreement with SOS II Children's Village British Columbia (Canada) Society, an independant 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 all of the expenses related to the leased premises. The lease expires May 16, 2103.

---

**19. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

---