

SEVA CANADA SOCIETY

FINANCIAL STATEMENTS
June 30, 2022

SEVA CANADA SOCIETY

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June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVA CANADA SOCIETY

Qualified Opinion

We have audited the financial statements of Seva Canada Society, which comprise the statement of financial position as at June 30, 2022, and the statement of operations and changes in net assets and statement of 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at June 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

Seva Canada Society is responsible for funding programs and projects in developing countries. Due to their nature, some of these activities are not susceptible to satisfactory audit verification. Accordingly, our examination of Program Payments (\$887,015) was limited to verification of the fund transfers to the project countries and we were not able to determine whether any adjustments might be necessary to the statement of operations and changes to net assets and the statement of financial position. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

In common with many not-for-profit organizations, the Society derives revenue from fundraising and donations of goods and services, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of Seva Canada Society and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditures, tangible capital assets and net assets. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 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:

INDEPENDENT AUDITOR'S REPORT, CONTINUED

- ◆ 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 Societies Act (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.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

VANCOUVER, B.C.
SEPTEMBER 16, 2022

SEVA CANADA SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS For the year ended June 30, 2022

	2022	2021
	\$	\$
REVENUE		
Donations and awards (Note 8)	1,645,633	1,634,304
Foreign exchange gain (loss)	(16,364)	(81,964)
Interest and other income	13,110	8,240
Project grants and contracts	377,172	520,818
Special events, presentations and net merchandise sales	562	4,446
Unrealized gain (loss) on investment	(29,762)	26,997
	<u>1,990,351</u>	<u>2,112,841</u>
COST OF SALES		
Opening inventory	7,941	8,167
Purchases	4,615	946
Closing inventory	(11,036)	(7,941)
	<u>1,520</u>	<u>1,172</u>
	<u>1,988,831</u>	<u>2,111,669</u>
EXPENSES		
Program payments (Schedule 1)	887,015	962,759
Program administration (Schedule 1)	301,837	265,833
Fundraising (Schedule 2)	287,728	257,730
General administration (Schedule 2)	171,890	149,419
	<u>1,648,470</u>	<u>1,635,741</u>
EXCESS OF REVENUE OVER EXPENSES	340,361	475,928
NET ASSETS, BEGINNING OF YEAR	1,002,433	526,505
NET ASSETS, END OF YEAR	1,342,794	1,002,433

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


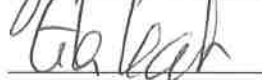
SEVA CANADA SOCIETY

STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	2022	2021
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	1,062,951	867,344
GST/HST receivable	6,588	5,406
Investments (Note 5)	343,872	247,971
Prepaid expenses	40,018	8,969
Inventory	11,036	7,941
	1,464,465	1,137,631
INVESTMENTS (Note 6)	266,501	338,379
TANGIBLE CAPITAL ASSETS (Note 7)	5,246	7,059
	1,736,212	1,483,069
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	11,358	10,212
Due to government agencies	348	348
Salaries payable	21,951	10,315
Deferred revenue	359,761	459,761
	393,418	480,636
NET ASSETS		
Invested in tangible capital assets	5,246	7,059
Unrestricted	1,337,548	995,374
	1,342,794	1,002,433
	1,736,212	1,483,069

Approved on behalf of the Society:

 Director
 Director

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

SEVA CANADA SOCIETY

STATEMENT OF CASH FLOWS For the year ended June 30, 2022

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	340,361	475,928
Items not requiring the outlay of cash:		
Depreciation	1,813	2,481
	342,174	478,409
Change in non-cash working capital items:		
Prepaid expenses	(31,049)	2,134
Inventory	(3,095)	226
Investments	(95,901)	(247,971)
Accounts payable and accrued liabilities	1,146	(872)
GST/HST receivable	(1,182)	(354)
Due to government agencies	-	45
Deferred revenue	(100,000)	274,980
Salaries payable	11,636	7,144
	123,729	513,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	71,878	(154,157)
INCREASE IN CASH	195,607	359,584
CASH, BEGINNING OF YEAR	867,344	507,760
CASH, END OF YEAR	1,062,951	867,344

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

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

1. NATURE OF OPERATIONS

Seva Canada Society's (the Society) mission is to restore sight and prevent blindness to low and middle-income countries. The Society is incorporated under the British Columbia Societies Act as a not-for-profit organization and is a registered charity and is exempt from tax under paragraph 149(1)(f) of the Income Tax Act .

The Society is guided by:

- (a) the belief in equal access to eye care for all.
- (b) the belief that with adequate resources, all people can meet their own needs.
- (c) the commitment to working with international partners to build local, sustainable eye care programs.
- (d) the respect for cultural, ethnic, spiritual and other forms of diversity.
- (e) the commitment to inform and inspire Canadians to join us in achieving our mission.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) 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 and donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recognized as it is earned in accordance with the terms of the instrument.

(b) Investments

Investments are initially recorded at cost and adjusted to market value at year end.

(c) Inventory

Inventory is recorded at lower of cost and net realizable value or current replacement cost in the case of donations in kind. Cost is determined using the first-in, first-out method.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Society provides for depreciation using the following methods at rates designed to depreciate the cost of the tangible capital assets over their estimated useful lives. The annual depreciation rates and methods are as follows:

Computer equipment	Declining balance	30%
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(e) Allocation of General Expenses

The Society's policy is to allocate a percentage of administrative expenses to programs and project expenditures unless the expenses are directly attributable to an expense category and then the allocation reflects the direct attribution.

(f) Foreign Currency Translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- (i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date;
- (ii) Non-monetary assets and liabilities, at the rate of exchange prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- (iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange prevailing at the time of the transaction.

Gains and losses arising from the translation of foreign currency are included in excess (deficiency) of revenues over expenses for the year.

(g) Financial Instruments

(i) Measurement of financial instruments

The Society initially measures its financial assets and liabilities at fair value.

The Society subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess or deficiency of revenue over expenses in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash and investments.

Financial liabilities measured at amortized cost on a straight line basis include the accounts payable and accrued liabilities and salaries payable.

Financial assets measured at fair value include quoted shares.

(ii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight line method.

(h) Volunteers and Donated Goods

In addition to the donations-in-kind recorded in the financial statements, the Society benefits from goods and services which are not recorded in the financial records of the Society.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(i) 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 disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the determination of the useful lives of tangible capital assets for depreciation, and the amounts recorded as accrued liabilities.. Actual results could differ from those estimates.

3. REMUNERATION

As required by the Societies Act, three employees received wages and benefits over \$75,000 for a total of \$309,436.

4. INTERNALLY RESTRICTED CASH AND INVESTMENT

Since 1998, donations received in memory of Trish Turner, a long time supporter of the Society and the spouse of a Board Member, have been segregated, invested and used only for certain activities designated by the Board. Until the year ended June 30, 2006, the activity consisted of support for overseas travel to program sites for volunteers who could not otherwise afford to go. In 2007, the application of the income from the investments has been expanded to include two additional alternatives.

i) To support education, training, and development of individuals with partner organizations who have the potential to take on important medical or administrative roles within their organizations, and

ii) To fund existing people within partner organizations to spend time in less developed partner organizations and help them move along the path to self sufficiency.

This group of donations has been characterized as internally restricted net assets. These internally restricted amounts are not available for any other purposes without the approval of the Board of Directors. Income from the investments not used for the above purposes is added to the internally restricted net assets.

In addition, the Society's financial policy requires that a minimum of six months operating costs be available at all times for the Society's use. The financial policy also ensures that 50% of all revenues are sent to programs.

Distribution of the revenue earned from this investment is determined each year by the Board of Directors of the Society.

In 2019, the Board approved to loan the amount of \$33,176 to be used in operations of the Society. The loan is non-interest bearing with no specific terms of repayment.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS June 30, 2022

5. INVESTMENTS

	2022	2021
	\$	\$
Vancity term deposit, due on Dec 2, 2021 with a rate of 0.10%	-	124,031
Vancity term deposit, due on Dec 8, 2021 with a rate of 0.20%	-	123,940
Vancity term deposit, due on Sept 11, 2022 with a rate of 0.85%	85,723	-
Vancity term deposit, due on Nov 25, 2022 with a rate of 0.10%	129,025	-
Vancity term deposit, due on Dec 7, 2022 with a rate of 0.15%	129,124	-
	343,872	247,971

6. INVESTMENTS

The balance is comprised of the Endowment Fund established with the Vancouver Foundation and a Vancity term deposit. Details are as follows:

The Endowment Fund established with the Vancouver Foundation for long term investment purposes that will benefit the Society financially. The initial contribution to the Fund of \$110,258 is locked-in for 5 years and the Vancouver Foundation requires 1 year notice prior to any withdrawal of this contribution. Contributions made to the Fund subsequent to this initial contribution are not locked in but are subject to notice provisions for withdrawal. The Fund is not reserved or intended for any specific purpose. Per the Board approved policy, 25% of all non-designated bequests to the Society are to be deposited to the fund.

	2022	2021
	\$	\$
Balance, beginning of year	253,379	184,222
Deposits	41,917	41,667
Withdrawals	(10,395)	(7,588)
Interest earned	11,362	8,081
Unrealized gain (loss)	(29,762)	26,997
Balance, end of year	266,501	253,379

The Vancity term deposit with a balance of \$85,000 is non-redeemable for 18 months up to September 11, 2022 with interest rate of 0.85%. During the year, this term deposit is reclassified as current investment.

Summary of investments:

	2022	2021
	\$	\$
Endowment Fund with Vancouver Foundation	266,501	253,379
Vancity term deposit	-	85,000
	266,501	338,379

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	Net 2022	Net 2021
	\$	\$	\$	\$
Computer equipment	61,927	59,119	2,808	4,012
Furniture and fixtures	13,991	11,774	2,217	2,771
Office equipment	7,461	7,240	221	276
	83,379	78,133	5,246	7,059

8. RELATED PARTY TRANSACTIONS

Transactions with Board Members and staff, their family foundations, their businesses and shareholders, their immediate families or businesses related to them are summarized below:

	2022	2021
	\$	\$
Revenue - Donations and other funds received	9,070	24,095

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. LEASE COMMITMENT

The office premises lease was renewed for a five year term expiring January 31, 2024, with a monthly rent of \$2,267 plus GST.

The estimated commitments including GST for the upcoming years are as follows:

	\$
2023	28,564
2024	16,662

10. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Society is a going concern and thus expects to fully repay the outstanding amounts.

(b) Liquidity risk

The Society does have a liquidity risk in the accounts payable of \$11,358 (2021: \$10,212). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and it maintains an adequate cash flow to repay creditors as they become due. In the opinion of management, the liquidity risk exposure to the Society is low and is not material.

SEVA CANADA SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

10. FINANCIAL INSTRUMENTS, CONTINUED

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at June 30, 2022, the Society holds US cash and term deposits of \$276,134 (2021: \$849,559) at its Canadian dollar equivalent. In the opinion of management, the currency risk exposure to the Society is low and is not material.

(d) Foreign exchange risk

The Society is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Society by a customer, or that an obligation in a foreign currency was made to the Society to a supplier, is different at the time of settlement than it was at a time that the obligation was determined. The Society reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Society and engaging in hedges when there is a significant risk of exchange rate movement. The Society did not have any hedges at the time that the financial statements were issued. The Society does not utilize financial instruments to manage its foreign exchange risk. In the opinion of management the foreign exchange risk exposure to the Society is low and is not material.

SEVA CANADA SOCIETY

SCHEDULE 1 - PROGRAM EXPENDITURES

For the year ended June 30, 2022

	2022 Actual	2021 Actual
PROGRAM PAYMENTS - INTERNATIONAL	\$	\$
Sight projects	887,015	962,759
PROGRAM ADMINISTRATION		
Events	1,036	156
Office and miscellaneous	53,051	52,326
Professional fees	58,003	39,889
Rent	9,570	8,550
Telecommunications	2,471	2,089
Travel	2,501	-
Wages, benefits and sub-contracts	175,205	162,823
	301,837	265,833

SEVA CANADA SOCIETY

SCHEDULE 2 - OTHER EXPENDITURES For the year ended June 30, 2022

	2022 Actual	2021 Actual
	\$	\$
FUNDRAISING		
Events	723	78
Other fundraising expenses	22,937	29,664
Professional fees	69,155	41,471
Publication postage and production	13,335	14,604
Rent	9,288	8,298
Telecommunications	1,235	1,047
Travel	298	-
Wages, benefits and subcontracts	170,757	162,568
	287,728	257,730
GENERAL ADMINISTRATION		
Depreciation	1,813	2,481
Equipment leases and maintenance	979	1,220
Insurance, licenses and fees	4,260	3,380
Office and miscellaneous	31,882	35,268
Professional fees	55,714	37,980
Rent	9,288	8,298
Telecommunications	1,235	1,047
Travel	298	-
Wages, benefits and subcontracts	66,421	59,745
	171,890	149,419

